



**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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**Don Knabe**  
**Michael D. Antonovich**  
*Commissioners*

**Carlos Jackson**  
*Executive Director*

April 12, 2005

Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**ADOPT THE CHANGE OF PLAN ADMINISTRATOR FOR THE SECTION 457  
DEFERRED COMPENSATION PLAN OF THE COMMUNITY DEVELOPMENT  
COMMISSION (ALL DISTRICTS)  
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve the change of the Plan Administrator for the Community Development Commission's Section 457 Deferred Compensation Plan (Deferred Compensation Plan), from International City Management Association Retirement Corporation (ICMA) to The Principal Financial Group (Principal); and authorize the Executive Director to execute a Deferred Compensation Plan Document and Trust with Principal, presented in substantially final form, following approval as to form by County Counsel and execution by all parties.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of the recommended action is to approve the change of the Plan Administrator for the Commission's Deferred Compensation Plan from ICMA to Principal.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. There is also no fiscal impact to the Commission, as eligible employees are responsible for paying the full cost of the plan through payroll deductions. Principal submitted a first year management fee cost of \$137,801, which is calculated as a percentage of the entire portfolio. This figure represents a first year savings to Commission employees of \$71,241.



The Commission will continue to match up to four percent of employee contributions to the Deferred Compensation Plan, using funds obtained through the annual budget process, as approved by your board on June 5, 2001.

Funds currently held by ICMA will be transferred to Principal effective July 1, 2005.

**FACTS AND PROVISIONS/ LEGAL REQUIREMENTS:**

On June 25, 1985, the Board adopted a resolution for a Deferred Compensation Plan for the Commission and appointed ICMA as Plan Administrator.

A Deferred Compensation Plan is available to employees of state or local governmental entities, allowing employees to defer a portion of their salary for retirement savings. Although technically a non-qualified plan, the Commission's Deferred Compensation Plan resembles a tax-qualified plan in that participating employees are not taxed on their contribution or earned interest until they actually receive distributions.

In May 2004, the Commission initiated an internal audit, which included a review of the existing Deferred Compensation Plan. The Employee Retirement Income Security Act obligates the Commission, in its capacity of fiduciary, to provide employees with regular and timely investment analytics that should be used to choose and monitor investment managers or funds. The review of the Deferred Compensation Plan concluded that there are new methods available and other companies better equipped to provide services and investment information to Commission employees than existed in 1985.

In order to identify a qualified firm to provide Deferred Compensation Plan services, the Commission contracted with 401K Advisors, which is a deferred compensation advisory firm. On November 1, 2004, 401K Advisors initiated a search to identify a firm qualified to administer the Commission's *Deferred Compensation Plan*. As a result, the Commission received proposals from seven firms. Three proposals did not meet the minimum requirements of administering at least 10 Section 457 Deferred Compensation Plans and providing services for employers of between 100 and 1,000 employees.

On December 2, 2004, the four qualified submissions were evaluated by a Review Panel, comprised of Commission personnel with experience in financial management and employee benefits. Based on the evaluation process, Principal is being recommended for the Commission's Deferred Compensation Plan Administrator.

A panel of Commission employees was also convened to evaluate and select Principal's investment offerings. 401K Advisors helped guide the process of selecting the investments available to Commission employees.

In addition to cost savings, Principal is able to provide a commitment to local, hands on employee education, enhanced investment opportunities, bilingual employee communications specialists, and individual participant financial planning services.

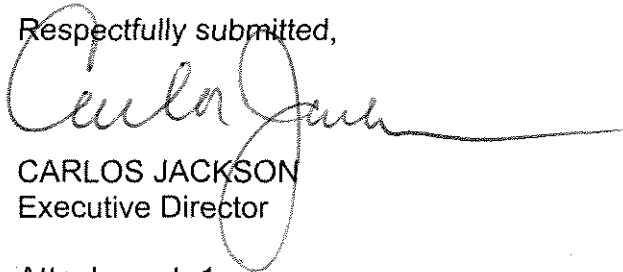
Honorable Board of Commissioners  
April 12, 2005  
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The Chief Administrative Office and County Counsel have reviewed this letter and the Deferred Compensation Plan Document and Trust.

**IMPACT ON CURRENT PROGRAM:**

Approval of Principal as the Commission's Deferred Compensation Plan Administrator will provide Commission employees with a lower cost, professionally managed Deferred Compensation Plan.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Carlos Jackson", with a long horizontal flourish extending to the right.

CARLOS JACKSON  
Executive Director

Attachment: 1

**COMMUNITY DEVELOPMENT COMMISSION OF THE  
COUNTY OF LOS ANGELES  
DEFERRED COMPENSATION PLAN**

Deferred Compensation Plan 8.1

Restated July 1, 2005

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PLAN EXECUTION

# INTRODUCTION

The Employer previously established a deferred compensation plan on June 25, 1985.

The plan has been designed and is intended to meet the requirements of section 457 of the Internal Revenue Code of 1986, including any later amendments to the Code.

The Employer is of the opinion that the plan should be changed. It believes that the best means to accomplish these changes is to completely restate the plan's terms, provisions and conditions. The restatement, effective July 1, 2005, is set forth in this document and is substituted in lieu of the prior document.

## **ARTICLE I**

### **FORMAT AND DEFINITIONS**

#### **SECTION 1.01--FORMAT.**

Words and phrases defined in the DEFINITIONS SECTION of Article I shall have that defined meaning when used in this Plan, unless the context clearly indicates otherwise.

These words and phrases have an initial capital letter to aid in identifying them as defined terms.

#### **SECTION 1.02--DEFINITIONS.**

**Account** means, for a Participant, his share of the Plan Fund. Separate accounting records are kept for those parts of his Account that result from:

- (a) Salary Deferral Contributions
- (b) Transfer Contributions
- (c) Matching Contributions
- (d) Rollover Contributions

A Participant's Account shall be reduced by any distribution of his Vested Account. A Participant's Account shall participate in the earnings credited, expenses charged, and any appreciation or depreciation of the Investment Fund. His Account is subject to any minimum guarantees applicable under the Annuity Contract or other investment arrangement and to any expenses associated therewith.

**Active Participant** means an Eligible Employee who is actively participating in the Plan according to the provisions in the ACTIVE PARTICIPANT SECTION of Article II.

**Alternate Payee** means any spouse, former spouse, child or other dependent of a Participant who is recognized by a qualified domestic relations order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

**Annuity Contract** means the annuity contract or contracts into which the Trustee enters with the Insurer for guaranteed benefits, for the investment of Contributions in separate accounts, and for the payment of benefits under this Plan. The term Annuity Contract as it is used in this Plan shall include the plural unless the context clearly indicates the singular is meant.

**Beneficiary** means the person or persons named by a Participant to receive any benefits under the Plan when the Participant dies. See the BENEFICIARY SECTION of Article X.

**Code** means the Internal Revenue Code of 1986, as amended.



**Compensation** means all payments made to an Employee by the Employer as remuneration for services rendered, including salaries, fees, etc.

For purposes of determining the allocation or amount of

Matching Contributions

Compensation shall exclude the following:

all supplemental pay (such as overtime, double time, bonuses, payouts, etc.)

**Contingent Annuitant** means an individual named by the Participant to receive a lifetime benefit after the Participant's death in accordance with a survivorship life annuity.

**Contributions** means

Salary Deferral Contributions  
Transfer Contributions  
Matching Contributions  
Rollover Contributions

as set out in Article III, unless the context clearly indicates only specific contributions are meant.

**Direct Rollover** means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

**Distributee** means an Employee or former Employee. In addition, the Employee's (or former Employee's) surviving spouse and the Employee's (or former Employee's) spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

**Eligible Employee** means any Employee of the Employer.

**Eligible Retirement Plan** means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), an annuity contract described in Code Section 403(b) or an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, that accepts the Distributee's Eligible Rollover Distribution.

**Eligible Rollover Distribution** means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) any hardship distribution; (iv) the portion of any other distribution(s) that is not includible in gross income; and (v) any other distribution(s) that is reasonably expected to total less than \$200 during a year.

**Employee** means an individual who is employed by the Employer.

The term Employee shall also include an independent contractor approved by the Plan Administrator.

An independent contractor shall cease to be an Employee on the date the contract or contracts expire under which the independent contractor performed services for the Employer if the expiration of the contract constitutes a good-faith and complete termination of the contractual relationship. The expiration of the contract does not constitute a good-faith and complete termination of the contractual relationship if the Employer anticipates a renewal of a contractual relationship or the independent contractor becoming an Employee.

**Employer** means Community Development Commission of the County of Los Angeles.

**Employer Contributions** means

Salary Deferral Contributions  
Matching Contributions

as set out in Article III, unless the context clearly indicates only specific contributions are meant.

**Entry Date** means the date an Employee first enters the Plan as an Active Participant. See the ACTIVE PARTICIPANT SECTION of Article II.

**Inactive Participant** means a former Active Participant who has an Account. See the INACTIVE PARTICIPANT SECTION of Article II.

**Includible Compensation** means participant's compensation as defined in Code Section 415(c)(3).

**Insurer** means Principal Life Insurance Company and any other insurance company or companies named by the Trustee or Employer.

**Investment Fund** means the total of Plan assets, excluding the guaranteed benefit policy portion of any Annuity Contract. All or a portion of these assets may be held under the Trust Agreement.

The Investment Fund shall be valued at current fair market value as of the Valuation Date. The valuation shall take into consideration investment earnings credited, expenses charged, payments made, and changes in the values of the assets held in the Investment Fund.

The Investment Fund shall be allocated at all times to Participants, except as otherwise expressly provided in the Plan. The Account of a Participant shall be credited with its share of the gains and losses of the Investment Fund. That part of a Participant's Account invested in a funding arrangement which establishes one or more accounts or investment vehicles for such Participant thereunder shall be credited with the gain or loss from such accounts or investment vehicles. The part of a Participant's Account which is invested in other funding arrangements shall be credited with a proportionate share of the gain or loss of such investments. The share shall be determined by multiplying the gain or loss of the investment by the ratio of the part of the Participant's Account invested in such funding arrangement to the total of the Investment Fund invested in such funding arrangement.

**Loan Administrator** means the person(s) or position(s) authorized to administer the Participant loan program.

The Loan Administrator is the Human Resources Manager.

**Matching Contributions** means contributions made by the Employer to fund this Plan which are contingent on a Participant's Salary Deferral Contributions. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

**Normal Form** means a single life annuity with installment refund.

**Normal Retirement Age** means age 60.

**Participant** means either an Active Participant or an Inactive Participant.

**Plan** means the deferred compensation plan of the Employer set forth in this document, including any later amendments to it.

**Plan Administrator** means the person or persons who administer the Plan.

The Plan Administrator is the Employer.

**Plan Fund** means the total of the Investment Fund and the guaranteed benefit policy portion of any Annuity Contract. The Investment Fund shall be valued as stated in its definition. The guaranteed benefit policy portion of any Annuity Contract shall be determined in accordance with the terms of the Annuity Contract and, to the extent that such Annuity Contract allocates contract values to Participants, allocated to Participants in accordance with its terms. The total value of all amounts held under the Plan Fund shall equal the value of the aggregate Participants' Accounts under the Plan.

**Plan Year** means a period beginning on a Yearly Date and ending on the day before the next Yearly Date.

**Reentry Date** means the date a former Active Participant reenters the Plan. See the ACTIVE PARTICIPANT SECTION of Article II.

**Rollover Contributions** means the Rollover Contributions which are made by an Eligible Employee or an Inactive Participant according to the provisions of the ROLLOVER CONTRIBUTIONS SECTION of Article III.

**Salary Deferral Contributions** means contributions made by the Employer to fund this Plan in accordance with salary deferral agreements between the Employer and Eligible Employees. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

**Transfer Contributions** means the contributions transferred by an Eligible Employee to this Plan from an eligible plan under Code Section 457(b) according to the provisions of the TRANSFER CONTRIBUTIONS SECTION of Article III.

**Trust Agreement** means an agreement of trust between the Employer and Trustee established for the purpose of holding and distributing the Trust Fund under the provisions of the Plan. The Trust

Agreement may provide for the investment of all or any portion of the Trust Fund in the Annuity Contract.

**Trust Fund** means the total funds held under the Trust Agreement.

**Trustee** means the party or parties named in the Trust Agreement. The term Trustee as it is used in this Plan is deemed to include the plural unless the context clearly indicates the singular is meant.

**Unforeseeable Emergency** means severe financial hardship to a Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Code Section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The need to send a child to college or the desire to purchase a home shall not constitute an Unforeseeable Emergency.

**Valuation Date** means the date on which the value of the assets of the Investment Fund is determined. The value of each Account which is maintained under this Plan shall be determined on the Valuation Date. In each Plan Year, the Valuation Date shall be the last day of the Plan Year. At the discretion of the Plan Administrator, Trustee, or Insurer (whichever applies), assets of the Investment Fund may be valued more frequently. These dates shall also be Valuation Dates.

**Vested Account** means the vested part of a Participant's Account. The Participant's Vested Account is equal to his Account.

The Participant's Vested Account is nonforfeitable. The percentage used to determine that portion of a Participant's Account attributable to Employer Contributions which is nonforfeitable is 100%.

**Yearly Date** means June 25, 1985, and each following January 1.

## **ARTICLE II**

### **PARTICIPATION**

#### **SECTION 2.01--ACTIVE PARTICIPANT.**

- (a) An Employee shall first become an Active Participant (begin active participation in the Plan) on the earliest date on which he is an Eligible Employee. This date is his Entry Date.

Each Employee who was an Active Participant under the Plan on June 30, 2005, shall continue to be an Active Participant if he is still an Eligible Employee on July 1, 2005, and his Entry Date shall not change.

- (b) An Inactive Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again becomes an Eligible Employee. This date is his Reentry Date.

Upon again becoming an Active Participant, he shall cease to be an Inactive Participant.

- (c) A former Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again becomes an Eligible Employee. This date is his Reentry Date.

There shall be no duplication of benefits for a Participant under this Plan because of more than one period as an Active Participant.

#### **SECTION 2.02--INACTIVE PARTICIPANT.**

An Active Participant shall become an Inactive Participant (stop accruing benefits under the Plan) on the earlier of the following:

- (a) the date the Participant ceases to be an Eligible Employee, or
- (b) the effective date of complete termination of the Plan under Article VIII.

An Employee or former Employee who was an Inactive Participant under the Plan on June 30, 2005, shall continue to be an Inactive Participant on July 1, 2005. Eligibility for any benefits payable to the Participant or on his behalf and the amount of the benefits shall be determined according to the provisions of the prior document, unless otherwise stated in this document.

#### **SECTION 2.03--CESSATION OF PARTICIPATION.**

A Participant shall cease to be a Participant on the date he is no longer an Eligible Employee and his Account is zero.

## ARTICLE III

### CONTRIBUTIONS

#### SECTION 3.01--EMPLOYER CONTRIBUTIONS.

The amount of Employer Contributions for any Plan Year is specified in (a) below subject to the limitations in (b) below:

(a) Amount of Employer Contributions.

- (1) Salary Deferral Contributions. The amount of each Salary Deferral Contribution for a Participant shall be equal to a portion of his Compensation for the pay period as elected in his salary deferral agreement. Salary deferral agreements shall be made, changed, or terminated according to procedures and limitations set up by the Plan Administrator. The salary deferral agreement must be in writing and completed before the beginning of the month in which the pay period in which Salary Deferral Contributions are to begin falls. However, a new Employee may make Salary Deferral Contributions for the pay period in which he first becomes an Employee if he completes a salary deferral agreement on or before the day he becomes an Employee.

Salary Deferral Contributions are 100% vested when made.

- (2) Matching Contributions. The Employer may make discretionary Matching Contributions. The percentage of Salary Deferral Contributions matched, if any, shall be a percentage determined by the Employer.

Matching Contributions are calculated based on Salary Deferral Contributions and Compensation for the pay period. Matching Contributions are made for all persons who were Active Participants at any time during that pay period.

Matching Contributions are 100% vested when made.

Employer Contributions are allocated according to the provisions of the ALLOCATION SECTION of this article.

(b) Limitation on Employer Contributions.

- (1) 457(b)(2) Limit. Except as provided in (2) below, for any taxable year of the Participant, Employer Contributions shall not exceed the lesser of
  - (i) the applicable dollar amount as defined in Code Section 457(e)(15)(A) for the taxable year adjusted for cost of living adjustments as described in Code Section 457(e)(15)(B), or
  - (ii) 100% of the Participant's Includible Compensation for the taxable year.

- (2) 457(b)(3) Limit. For one or more of the Participant's last three taxable years ending before the taxable year in which he attains Normal Retirement Age, the amount in (1) above shall be the lesser of
- (i) twice the applicable dollar amount as defined in Code Section 457(e)(15)(A) for the taxable year adjusted for cost of living adjustments as described in Code Section 457(e)(15)(B), or
  - (ii) the sum of (A) and (B) below:
    - (A) the limitation established for the taxable year under (1) above (determined without regard to this (2)) plus
    - (B) the limitation established for purposes of Code Section 457(b)(2) for each of the prior taxable years beginning after December 31, 1978, during which the Participant was eligible to participate in this Plan or any other eligible plan under Code Section 457(b) less the amount of compensation deferred under the plan(s) for each of such prior taxable years.

The amount in this (2) shall be determined without regard to any catch-up contributions permitted under Code Section 414(v)(2)(B)(i) when determining the limitation established for the taxable year under (1) above, the limitation established for purposes of Code Section 457(b)(2) for prior taxable years, and the amount of compensation deferred under the plan(s). This (2) shall not apply with respect to any Participant who has previously utilized in whole or in part the limited catch-up under Code Section 457(b)(3) under this Plan or any other eligible plan under Code Section 457(b).

- (3) 414(v)(2) Limit. For a Participant who would attain age 50 by the end of the taxable year the amount determined in (1) and (2) above shall be determined by substituting the greater of:
- (i) the sum of
    - (A) the applicable amount determined in (1) above (without regard to (2) above), plus
    - (B) the applicable dollar amount as defined in Code Section 414(v)(2)(B)(i) for the taxable year adjusted for cost of living adjustments as described in Code Section 414(v)(2)(C), or
  - (ii) the amount determined in (1) or (2) above, whichever applies (without regard to this (3)).

For purposes of determining the limitations of (1) and (2) above, all deferrals (other than rollover amounts and catch-up contributions permitted under Code Section 414(v)(2)(B)(i)) under an eligible deferred compensation plan as defined in Code Section 457(b) shall be taken into account. For purposes of determining the limitations of (3) above, all deferrals (other than rollover amounts)

under an eligible deferred compensation plan as defined in Code Section 457(b) shall be taken into account.

### **SECTION 3.01A--ROLLOVER CONTRIBUTIONS.**

A Rollover Contribution may be made by an Eligible Employee or an Inactive Participant if the following conditions are met:

- (a) The Contribution is of amounts distributed from an eligible plan under Code 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; from a qualified plan described in Code Section 401(a) or 403(a), excluding after-tax employee contributions; from an annuity contract described in Code Section 403(b), excluding after-tax employee contributions; or from an individual retirement account or individual retirement annuity described in Code Section 408(a) or (b), excluding any amount that is not eligible to be rolled over and would otherwise be includible in gross income. In the case of an Inactive Participant, the Contribution must be of an amount distributed from another plan of the Employer.
- (b) The Contribution is of amounts that the Code permits to be transferred to an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
- (c) The Contribution is made in the form of a direct rollover under Code Section 401(a)(31) or is a rollover made under Code Section 402(c) or 408(d)(3)(A) within 60 days after the Eligible Employee or Inactive Participant receives the distribution.
- (d) The Eligible Employee or Inactive Participant furnishes evidence satisfactory to the Plan Administrator that the proposed rollover meets conditions (a), (b), and (c) above.

A Rollover Contribution shall be allowed in cash only and must be made according to procedures set up by the Plan Administrator.

If the Eligible Employee is not an Active Participant when the Rollover Contribution is made, he shall be deemed to be an Active Participant only for the purpose of investment and distribution of the Rollover Contribution. Employer Contributions shall not be made for or allocated to the Eligible Employee until the time he meets all of the requirements to become an Active Participant.

Rollover Contributions made by an Eligible Employee or an Inactive Participant shall be credited to his Account. Rollover Contributions are 100% vested when made. A separate accounting record shall be maintained for that part of his Rollover Contributions consisting of amounts that were not distributed from an eligible plan under Code Section 457(b).

### **SECTION 3.02--TRANSFER CONTRIBUTIONS.**

If an Eligible Employee formerly participated in an eligible plan under Code Section 457(b), the trustee or plan administrator of that plan may transfer funds to this Plan on behalf of the Eligible Employee. Transfer of rollover amounts shall not be permitted if the Plan does not permit such rollover amounts and, if permitted, such amounts shall be treated as a rollover amount made to this Plan. The transferred funds other than



rollover amounts shall be called a Transfer Contribution and shall be made according to procedures set up by the Plan Administrator.

If the Eligible Employee is not an Active Participant when the Transfer Contribution is made, he shall be deemed to be an Active Participant only for the purpose of investment and distribution of the Transfer Contribution. Employer Contributions shall not be made for or allocated to the Eligible Employee until the time he meets all of the requirements to become an Active Participant.

Transfer Contributions made by an Eligible Employee shall be credited to his Account. Transfer Contributions are 100% vested when made.

### **SECTION 3.03--ALLOCATION.**

Salary Deferral Contributions shall be allocated to Participants for whom such Contributions are made under the EMPLOYER CONTRIBUTIONS SECTION of this article. Such Contributions shall be allocated when made and credited to the Participant's Account.

Matching Contributions shall be allocated to the persons for whom such Contributions are made under the EMPLOYER CONTRIBUTIONS SECTION of this article. Such Contributions shall be allocated when made and credited to the person's Account.

## **ARTICLE IV**

### **INVESTMENT AND TIMING OF CONTRIBUTIONS**

#### **SECTION 4.01--INVESTMENT AND TIMING OF CONTRIBUTIONS.**

The handling of Contributions is governed by the provisions of the Trust Agreement, the Annuity Contract, and any other funding arrangement in which the Plan Fund is or may be held or invested. To the extent permitted by the Trust Agreement, Annuity Contract, or other funding arrangement, the parties named below shall direct the Contributions to the guaranteed benefit policy portion of the Annuity Contract, any of the investment options available under the Annuity Contract, or any of the investment vehicles available under the Trust Agreement and may request the transfer of amounts resulting from those Contributions between such investment options and investment vehicles or the transfer of amounts between the guaranteed benefit policy portion of the Annuity Contract and such investment options and investment vehicles. To the extent that a Participant who has investment direction fails to give timely direction, the Employer shall direct the investment of his Account. The Employer shall have investment direction for amounts which have not been allocated to Participants. To the extent an investment is no longer available, the Employer may require that amounts currently held in such investment be reinvested in other investments.

The Participant shall direct the investment of Contributions and transfer of amounts resulting from Contributions.

Notwithstanding any contrary provision of the Plan, including any Annuity Contract issued under the Plan, in accordance with Code Section 457(g), all amounts of compensation deferred pursuant to the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held in a trust or one or more annuity contracts, as defined in Code Section 401(g), for the exclusive benefit of Participants and Beneficiaries under the Plan. For purposes of this paragraph, a trust must be established under the Plan pursuant to a written agreement that constitutes a valid trust under the law of the state in which the Employer is located. For purposes of this paragraph an annuity contract shall be issued by an insurance company qualified to do business in the state where the contract was issued and may not include any life, health or accident, property, casualty, or liability insurance contract.

All amounts of compensation deferred under the Plan shall be transferred to a trust or an annuity contract described in Code Section 401(f), within a period that is not longer than reasonable for the proper administration of the Accounts of Participants.

## **ARTICLE V**

### **BENEFITS**

#### **SECTION 5.01--DEATH BENEFITS.**

If a Participant dies before his Vested Account is distributed to him under the provisions of this article or the SMALL AMOUNTS SECTION of Article X, his Vested Account shall be distributed according to the distribution of benefits provisions of Article VI and the provisions of the SMALL AMOUNTS SECTION of Article X.

#### **SECTION 5.02--SEVERANCE BENEFITS.**

If an Inactive Participant's Vested Account is not payable under the SMALL AMOUNTS SECTION of Article X, he may elect to receive a distribution of his Vested Account after he ceases to be an Employee. A distribution under this paragraph shall be a severance benefit and shall be distributed to the Participant according to the distribution of benefits provisions of Article VI.

A Participant may not elect to receive a distribution under the provisions of this section after he again becomes an Employee until he subsequently ceases to be an Employee and meets the requirements of this section.

If an Inactive Participant does not receive an earlier distribution, upon his Required Beginning Date, his Vested Account shall be distributed. A distribution under this paragraph shall be a severance benefit and shall be distributed to the Participant according to the distribution of benefit provisions of Article VI.

If an Inactive Participant does not receive an earlier distribution, upon his death, his Vested Account shall be distributed according to the provisions of the DEATH BENEFITS SECTION of this article.

#### **SECTION 5.03--WHEN BENEFITS START.**

- (a) Benefits shall begin by the Participant's Required Beginning Date, as defined in the DEFINITIONS SECTION of Article VII.
- (b) The Participant's Vested Account may not be distributed to a Participant or to his Beneficiary (or Beneficiaries) in accordance with the Participant's or Beneficiary's (or Beneficiaries') election, earlier than:
  - (1) The calendar year in which the Participant attains age 70 1/2.
  - (2) The date the Participant has a severance from employment with the Employer.
  - (3) The Unforeseeable Emergency of the Participant as permitted in the WITHDRAWAL BENEFITS SECTION of this article.
  - (4) A de minimis in-service withdrawal as permitted in the WITHDRAWAL BENEFITS SECTION of this article.

## **SECTION 5.04--TRANSFERS FROM THE PLAN.**

If an Inactive Participant ceases to be an Employee and accepts employment with another employer which maintains an eligible plan under Code Section 457(b) and the new employer's plan accepts transfers, the Inactive Participant may elect to transfer his Vested Account to the plan maintained by the new employer. Amounts transferred shall be treated as a distribution from this Plan.

## **SECTION 5.05--WITHDRAWAL BENEFITS.**

Withdrawal of Rollover Contributions. A Participant may withdraw any part of his Vested Account resulting from Rollover Contributions. A Participant may make such a withdrawal at any time.

Unforeseeable Emergency. Before he ceases to be an Employee, a Participant may withdraw all or any portion of his Vested Account in the event of an Unforeseeable Emergency. The Participant's request for a withdrawal shall include his statement such an Unforeseeable Emergency exists and explain its nature.

No withdrawal shall be allowed which is in excess of the amount reasonably required to satisfy the Unforeseeable Emergency or to the extent such Unforeseeable Emergency can be relieved from other resources that are reasonably available to the Participant.

The Participant's request for a withdrawal shall include his written statement that the amount requested does not exceed the amount needed to meet the Unforeseeable Emergency. The Participant's request for a withdrawal shall include his written statement that the Unforeseeable Emergency cannot be relieved:

- (1) through reimbursement or compensation by insurance or otherwise;
- (2) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause a severe financial hardship; or
- (3) by cessation of deferrals under the Plan.

The Plan Administrator will establish uniform, nondiscriminatory guidelines to use in determining if an Unforeseeable Emergency exists. The Plan Administrator's determination shall be final. The Participant has no legal or equitable right to such a withdrawal.

De Minimis In-service Withdrawal. Before he ceases to be an Employee, a Participant may withdraw all of his Vested Account if his Vested Account is not more than the dollar limit under Code Section 411(a)(11)(A) and the following requirements have been met:

- (1) No amount has been deferred under the Plan with respect to such Participant during the two-year period ending on the date of the withdrawal.
- (2) The Participant has not previously received a distribution of his total Vested Account to which Code Section 457(e)(9)(A) applied.

A request for withdrawal shall be made in such manner and in accordance with such rules as the Employer will prescribe for this purpose (including by means of voice response or other electronic means under circumstances the Employer permits). A withdrawal benefit shall be distributed in a lump sum.

## SECTION 5.06--LOANS TO PARTICIPANTS.

Loans shall be made available to all Participants on a reasonably equivalent basis. For purposes of this section, and unless otherwise specified, Participant means any Participant or Beneficiary who is an Employee. Loans shall not be made to highly compensated employees, as defined in Code Section 414(q), in an amount greater than the amount made available to other Participants.

A loan to a Participant shall be a Participant-directed investment of his Account. The loan is a Trust Fund investment but no Account other than the borrowing Participant's Account shall share in the interest paid on the loan or bear any expense or loss incurred because of the loan.

The number of outstanding loans shall be limited to one. No more than one loan shall be approved for any Participant in any 12-month period. The minimum amount of any loan shall be \$1,000.

Loans must be adequately secured and bear a reasonable rate of interest.

The amount of the loan shall not exceed the maximum amount that may be treated as a loan under Code Section 72(p) (rather than a distribution) to the Participant and shall be equal to the lesser of (a) or (b) below:

- (a) \$50,000, reduced by the highest outstanding loan balance of loans during the one-year period ending on the day before the new loan is made.
- (b) The greater of (1) or (2), reduced by (3) below:
  - (1) One-half of the Participant's Vested Account.
  - (2) \$10,000.
  - (3) Any outstanding loan balance on the date the new loan is made.

For purposes of this maximum, a Participant's Vested Account does not include any accumulated deductible employee contributions, as defined in Code Section 72(o)(5)(B), and all qualified employer plans, as defined in Code Section 72(p)(4), of the Employer shall be treated as one.

The foregoing notwithstanding, the amount of such loan shall not exceed 50 percent of the amount of the Participant's Vested Account. For purposes of this maximum, a Participant's Vested Account does not include any accumulated deductible employee contributions, as defined in Code Section 72(o)(5)(B). No collateral other than a portion of the Participant's Vested Account (as limited above) shall be accepted. The Loan Administrator shall determine if the collateral is adequate for the amount of the loan requested.

Each loan shall bear a reasonable fixed rate of interest to be determined by the Loan Administrator. In determining the interest rate, the Loan Administrator shall take into consideration fixed interest rates currently being charged by commercial lenders for loans of comparable risk on similar terms and for similar durations, so that the interest will provide for a return commensurate with rates currently charged by commercial lenders for loans made under similar circumstances. The Loan Administrator shall not discriminate among Participants in the matter of interest rates; but loans granted at different times may bear different interest rates in accordance with the current appropriate standards.

The loan shall by its terms require that repayment (principal and interest) be amortized in level payments, not less frequently than quarterly, over a period not extending beyond five years from the date of the loan. If the loan is used to acquire a dwelling unit, which within a reasonable time (determined at the time the loan is made) will be used as the principal residence of the Participant, the repayment period may extend beyond five years from the date of the loan. The period of repayment for any loan shall be arrived at by mutual agreement between the Loan Administrator and the Participant and if the loan is for a principal residence, shall not be made for a period longer than the repayment period consistent with commercial practices.

The Participant shall make an application for a loan in such manner and in accordance with such rules as the Employer shall prescribe for this purpose (including by means of voice response or other electronic means under circumstances the Employer permits). The application must specify the amount and duration requested.

Information contained in the application for the loan concerning the income, liabilities, and assets of the Participant will be evaluated to determine whether there is a reasonable expectation that the Participant will be able to satisfy payments on the loan as due. Additionally, the Loan Administrator will pursue any appropriate further investigations concerning the creditworthiness and credit history of the Participant to determine whether a loan should be approved.

Each loan shall be fully documented in the form of a promissory note signed by the Participant for the face amount of the loan, together with interest determined as specified above.

There will be an assignment of collateral to the Plan executed at the time the loan is made.

In those cases where repayment through payroll deduction is available, installments are so payable, and a payroll deduction agreement shall be executed by the Participant at the time the loan is made. Loan repayments that are accumulated through payroll deduction shall be paid to the Trustee by the date the loan repayments can reasonably be segregated from the Employer's assets.

Where payroll deduction is not available, payments in cash are to be timely made. Any payment that is not by payroll deduction shall be made payable to the Employer or the Trustee, as specified in the promissory note, and delivered to the Loan Administrator, including prepayments, service fees and penalties, if any, and other amounts due under the note. The Loan Administrator shall deposit such amounts into the Plan as soon as administratively practicable after they are received.

The promissory note may provide for reasonable late payment penalties and service fees. Any penalties or service fees shall be applied to all Participants in a nondiscriminatory manner. If the promissory note so provides, such amounts may be assessed and collected from the Account of the Participant as part of the loan balance.

Each loan may be paid prior to maturity, in part or in full, without penalty or service fee, except as may be set out in the promissory note.

The Plan shall suspend loan payments for a period not exceeding one year during which an approved unpaid leave of absence occurs other than a military leave of absence. The Loan Administrator shall provide the Participant a written explanation of the effect of the suspension of payments upon his loan.

If a Participant separates from service (or takes a leave of absence) from the Employer because of service in the military and does not receive a distribution of his Vested Account, the Plan shall suspend loan

payments until the Participant's completion of military service or until the Participant's fifth anniversary of commencement of military service, if earlier, as permitted under Code Section 414(u). The Loan Administrator shall provide the Participant a written explanation of the effect of his military service upon his loan.

If any payment of principal and interest, or any portion thereof, remains unpaid for more than 90 days after due, the loan shall be in default. For purposes of Code Section 72(p), the Participant shall then be treated as having received a deemed distribution regardless of whether or not a distributable event has occurred.

Upon default, the Plan has the right to pursue any remedy available by law to satisfy the amount due, along with accrued interest, including the right to enforce its claim against the security pledged and execute upon the collateral as allowed by law. The entire principal balance whether or not otherwise then due, along with accrued interest, shall become immediately due and payable without demand or notice, and subject to collection or satisfaction by any lawful means, including specifically, but not limited to, the right to enforce the claim against the security pledged and to execute upon the collateral as allowed by law.

In the event of default, foreclosure on the note and attachment of security or use of amounts pledged to satisfy the amount then due shall not occur until a distributable event occurs in accordance with the Plan, and shall not occur to an extent greater than the amount then available upon any distributable event which has occurred under the Plan.

All reasonable costs and expenses, including but not limited to attorney's fees, incurred by the Plan in connection with any default or in any proceeding to enforce any provision of a promissory note or instrument by which a promissory note for a Participant loan is secured, shall be assessed and collected from the Account of the Participant as part of the loan balance.

If payroll deduction is being utilized, in the event that a Participant's available payroll deduction amounts in any given month are insufficient to satisfy the total amount due, there will be an increase in the amount taken subsequently, sufficient to make up the amount that is then due. If any amount remains past due more than 90 days, the entire principal amount, whether or not otherwise then due, along with interest then accrued, shall become due and payable, as above.

If no distributable event has occurred under the Plan at the time that the Participant's Vested Account would otherwise be used under this provision to pay any amount due under the outstanding loan, this will not occur until the time, or in excess of the extent to which, a distributable event occurs under the Plan. An outstanding loan will become due and payable in full 60 days after a Participant ceases to be an Employee.

## **SECTION 5.07--DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS.**

The Plan specifically permits distributions to an Alternate Payee under a qualified domestic relations order as defined in Code Section 414(p), at any time, irrespective of whether the Participant has attained his earliest retirement age, as defined in Code Section 414(p), under the Plan. A distribution to an Alternate Payee before the Participant's attainment of earliest retirement age, as defined in Code Section 414(p), is available only if the order specifies that distribution shall be made prior to the earliest retirement age or allows the Alternate Payee to elect a distribution prior to the earliest retirement age.

Nothing in this section shall permit a Participant a right to receive a distribution at a time otherwise not permitted under the Plan nor shall it permit the Alternate Payee to receive a form of payment not permitted under the Plan.

The benefit payable to an Alternate Payee shall be subject to the provisions of the SMALL AMOUNTS SECTION of Article X if the Present Value of the benefit does not exceed \$5,000.

The Plan Administrator shall establish reasonable procedures to determine the qualified status of a domestic relations order. Upon receiving a domestic relations order, the Plan Administrator promptly shall notify the Participant and the Alternate Payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Plan Administrator shall determine the qualified status of the order and shall notify the Participant and each Alternate Payee, in writing, of its determination. The Plan Administrator shall provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order, or in a manner consistent with Department of Labor regulations. The Plan Administrator may treat as qualified any domestic relations order entered before January 1, 1985, irrespective of whether it satisfies all the requirements described in Code Section 414(p).

If any portion of the Participant's Vested Accrued Benefit is payable during the period the Plan Administrator is making its determination of the qualified status of the domestic relations order, a separate accounting shall be made of the amount payable. If the Plan Administrator determines the order is a qualified domestic relations order within 18 months of the date amounts are first payable following receipt of the order, the payable amounts shall be distributed in accordance with the order. If the Plan Administrator does not make its determination of the qualified status of the order within the 18-month determination period, the payable amounts shall be distributed in the manner the Plan would distribute if the order did not exist and the order shall apply prospectively if the Plan Administrator later determines the order is a qualified domestic relations order.

The Plan shall make payments or distributions required under this section by separate benefit checks or other separate distribution to the Alternate Payee(s).



## ARTICLE VI

### DISTRIBUTION OF BENEFITS

#### SECTION 6.01--AUTOMATIC FORMS OF DISTRIBUTION.

Unless an optional form of benefit is selected pursuant to a election within the election period (see the ELECTION PROCEDURES SECTION of this article), the automatic form of benefit payable to or on behalf of a Participant is determined as follows:

- (a) Severance Benefits. The automatic form of severance benefit for a Participant who does not die before his Vested Account is distributed to him shall be the Normal Form.
- (b) Death Benefits. The automatic form of death benefit for a Participant who dies before his Vested Account is distributed to him shall be a single-sum payment to the Participant's Beneficiary.

#### SECTION 6.02--OPTIONAL FORMS OF DISTRIBUTION.

- (a) Severance Benefits. The optional forms of severance benefit shall be the following: (i) a straight life annuity; (ii) single life annuities with certain periods of 5, 10 or 15 years; (iii) a single life annuity with installment refund; (iv) survivorship life annuities with installment refund and survivorship percentages of 50%, 66 2/3% or 100%; (v) fixed period annuities for any period of whole months which is not less than 60 and does not exceed the Life Expectancy, as defined in Article VII, of the Participant where the Life Expectancy is not recalculated; (vi) a fixed period installment option; and (vii) a fixed payment installment option. The fixed period and fixed payment installment options shall not be available if the Participant has not separated from service. A single sum payment is also available.

The fixed period installment option is an optional form of benefit under which the Participant elects to receive substantially equal annual payments over a fixed period of whole years. The annual payment may be paid in annual, semi-annual, quarterly, or monthly installments as elected by the Participant. The Participant may elect to receive additional payments.

The fixed payment installment option is an optional form of benefit under which the Participant elects to receive a specified dollar amount each year. The annual payment may be paid in annual, semi-annual, quarterly, or monthly installments as elected by the Participant. The Participant may elect to receive additional payments.

Election of an optional form is subject to the election provisions of the ELECTION PROCEDURES SECTION of this article and the distribution requirements of Article VII.

Any annuity contract distributed shall be nontransferable.

- (b) Death Benefits. The optional forms of death benefit are a single-sum payment and any annuity that is an optional form of severance benefit. However, the fixed period and fixed payment installment options shall not be payable if the Beneficiary is not the spouse of the deceased Participant.

Election of an optional form is subject to the election provisions of the ELECTION PROCEDURES SECTION of this article and the distribution requirements of Article VII.

### **SECTION 6.03--ELECTION PROCEDURES.**

The Participant or Beneficiary shall make any election under this section in writing. The Plan Administrator may require such individual to complete and sign any necessary documents as to the provisions to be made. Any election permitted under (a) and (b) below shall be subject to the election provisions of (c) below.

- (a) Severance Benefits. A Participant may elect his Beneficiary or Contingent Annuitant and may elect to have severance benefits distributed under any of the optional forms of severance benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.
- (b) Death Benefits. A Participant may elect his Beneficiary and may elect to have death benefits distributed under any of the optional forms of death benefit available in the OPTIONAL FORMS OF DISTRIBUTION SECTION of this article.

If the Participant has not elected an optional form of distribution for the death benefit payable to his Beneficiary, the Beneficiary may, for his own benefit, elect the form of distribution, in like manner as a Participant.

- (c) Election. The Participant or Beneficiary may make an election at any time during the election period. The Participant or Beneficiary may revoke the election made (or make a new election) at any time and any number of times during the election period.
  - (1) Election Period for Severance Benefits. A Participant may make an election as to severance benefits at any time before the date benefits begin.
  - (2) Election Period for Death Benefits. A Participant may make an election as to death benefits at any time before he dies. The Beneficiary's election period begins on the date the Participant dies and ends on the date benefits begin.

## ARTICLE VII

### DISTRIBUTION REQUIREMENTS

#### SECTION 7.01--APPLICATION.

The optional forms of distribution are only those provided in Article VI. An optional form of distribution shall not be permitted unless it meets the requirements of this article. The timing of any distribution must meet the requirements of this article.

#### SECTION 7.02--DEFINITIONS.

For purposes of this article, the following terms are defined:

**Applicable Life Expectancy** means Life Expectancy (or Joint and Last Survivor Expectancy) calculated using the attained age of the Participant (or Designated Beneficiary) as of the Participant's (or Designated Beneficiary's) birthday in the applicable calendar year reduced by one for each calendar year which has elapsed since the date Life Expectancy was first calculated. If Life Expectancy is being recalculated, the Applicable Life Expectancy shall be the Life Expectancy so recalculated. The applicable calendar year shall be the first Distribution Calendar Year, and if Life Expectancy is being recalculated, such succeeding calendar year.

**Designated Beneficiary** means the individual who is designated as the beneficiary under the Plan in accordance with Code Section 401(a)(9) and the regulations thereunder.

**Distribution Calendar Year** means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to (e) of the DISTRIBUTION REQUIREMENTS SECTION of this article.

**Joint and Last Survivor Expectancy** means joint and last survivor expectancy computed using the expected return multiples in Table VI of section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the Participant by the time distributions are required to begin, life expectancies shall be recalculated annually. Such election shall be irrevocable as to the Participant and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated.

**Life Expectancy** means life expectancy computed using the expected return multiples in Table V of section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the Participant (or spouse, in the case of distributions described in (e)(2)(ii) of the DISTRIBUTION REQUIREMENTS SECTION of this article) by the time distributions are required to begin, life expectancy shall be recalculated annually. Such election shall be irrevocable as to the

Participant (or spouse) and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated.

**Participant's Benefit** means:

- (a) The Account balance as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the Account balance as of the dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date.
- (b) Exception for Second Distribution Calendar Year. For purposes of (a) above, if any portion of the minimum distribution for the first Distribution Calendar Year is made in the second Distribution Calendar Year on or before the Required Beginning Date, the amount of the minimum distribution made in the second Distribution Calendar Year shall be treated as if it had been made in the immediately preceding Distribution Calendar Year.

**Required Beginning Date** means, for a Participant, the April 1 of the calendar year following the later of the calendar year in which he attains age 70 1/2 or the calendar year in which he retires.

## **SECTION 7.03--DISTRIBUTION REQUIREMENTS.**

(a) General Rules.

- (1) The requirements of this article shall apply to any distribution of a Participant's interest and shall take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this article apply to calendar years beginning after December 31, 1984. To the extent that the Plan was effective before January 1, 2002, the requirements of Code Section 457(d)(2)(B) and (C) as in effect prior to such date shall be met for calendar years ending before such date.
- (2) All distributions required under this article shall be determined and made in accordance with the proposed regulations under Code Section 401(a)(9), including the minimum distribution incidental benefit requirement of section 1.401(a)(9)-2 of the proposed regulations.
- (3) With respect to distributions under the Plan made on or after June 14, 2001, for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed on January 17, 2001 (the 2001 Proposed Regulations), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Participant for 2001 prior to June 14, 2001, are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Participant for 2001 on or after such date. If the total amount of required minimum distributions made to a Participant for 2001 prior to June 14, 2001, are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be

determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations. These provisions shall continue in effect until the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date as may be published by the Internal Revenue Service.

- (b) Required Beginning Date. The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date.
- (c) Limits on Distribution Periods. As of the first Distribution Calendar Year, distributions, if not made in a single sum, may only be made over one of the following periods (or combination thereof):
  - (1) the life of the Participant,
  - (2) the life of the Participant and a Designated Beneficiary,
  - (3) a period certain not extending beyond the Life Expectancy of the Participant, or
  - (4) a period certain not extending beyond the Joint and Last Survivor Expectancy of the Participant and a Designated Beneficiary.
- (d) Determination of Amount to be Distributed Each Year. If the Participant's interest is to be distributed in other than a single sum, the following minimum distribution rules shall apply on or after the Required Beginning Date:
  - (1) Individual Account.
    - (i) If a Participant's Benefit is to be distributed over
      - A. a period not extending beyond the Life Expectancy of the Participant or the Joint Life and Last Survivor Expectancy of the Participant and the Participant's Designated Beneficiary, or
      - B. a period not extending beyond the Life Expectancy of the Designated Beneficiary,

the amount required to be distributed for each calendar year beginning with the distributions for the first Distribution Calendar Year, must be at least equal to the quotient obtained by dividing the Participant's Benefit by the Applicable Life Expectancy.
    - (ii) For calendar years beginning before January 1, 1989, if the Participant's spouse is not the Designated Beneficiary, the method of distribution selected must assure that at least 50 percent of the present value of the amount available for distribution is paid within the Life Expectancy of the Participant.
    - (iii) For calendar years beginning after December 31, 1988, the amount to be distributed each year, beginning with distributions for the first Distribution Calendar Year shall

not be less than the quotient obtained by dividing the Participant's Benefit by the lesser of:

- A. the Applicable Life Expectancy, or
- B. if the Participant's spouse is not the Designated Beneficiary, the applicable divisor determined from the table set forth in Q&A-4 of section 1.401(a)(9)-2 of the proposed regulations.

Distributions after the death of the Participant shall be distributed using the Applicable Life Expectancy in (1)(i) above as the relevant divisor without regard to section 1.401(a)(9)-2 of the proposed regulations.

- (iv) The minimum distribution required for the Participant's first Distribution Calendar Year must be made on or before the Participant's Required Beginning Date. The minimum distribution for other calendar years, including the minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, must be made on or before December 31 of that Distribution Calendar Year.

- (2) Other Forms. If the Participant's Benefit is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Code Section 401(a)(9) and the proposed regulations thereunder.

(e) Death Distribution Provisions.

- (1) Distribution Beginning Before Death. If the Participant dies after distribution of his interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.

- (2) Distribution Beginning After Death.

- (i) If the Participant dies before distribution of his interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with A or B below:

- A. if any portion of the Participant's interest is payable to a Designated Beneficiary, distributions may be made over the life or over a period certain not greater than the Life Expectancy of the Designated Beneficiary beginning on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;

- B. if the Designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with A above shall not be earlier than the later of:

- 1. December 31 of the calendar year immediately following the calendar year in which the Participant died, or

2. December 31 of the calendar year in which the Participant would have attained age 70 1/2.
- (ii) If the Participant has not made an election pursuant to this (e)(2) by the time of his death, the Participant's Designated Beneficiary must elect the method of distribution no later than the earlier of:
    - A. December 31 of the calendar year in which distributions would be required to begin under this subparagraph, or
    - B. December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant.
  - (iii) If the Participant has no Designated Beneficiary, or if the Designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (3) For purposes of (e)(2) above, if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of (e)(2) above, with the exception of (e)(2)(i)(B) therein, shall be applied as if the surviving spouse were the Participant.
  - (4) For purposes of this (e), distribution of a Participant's interest is considered to begin on the Participant's Required Beginning Date (or if (e)(3) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to (e)(2) above). If distribution in the form of an annuity irrevocably begins to the Participant before the Required Beginning Date, the date distribution is considered to begin is the date distribution actually begins.

## **ARTICLE VIII**

### **TERMINATION OF THE PLAN**

The Employer expects to continue the Plan indefinitely but reserves the right to terminate the Plan in whole or in part at any time upon giving written notice to all parties concerned.

The Participant's Account shall continue to participate in the earnings credited, expenses charged, and any appreciation or depreciation of the Investment Fund until his Vested Account is distributed.

Upon complete termination of the Plan, no more Employees shall become Participants and no more Contributions shall be made.

The assets of this Plan shall not be paid to the Employer at any time, except that, after the satisfaction of all liabilities under the Plan, any assets remaining may be paid to the Employer. The payment may not be made if it would contravene any provision of law.



## **ARTICLE IX**

### **ADMINISTRATION OF THE PLAN**

#### **SECTION 9.01--ADMINISTRATION.**

Subject to the provisions of this article, the Plan Administrator has complete control of the administration of the Plan. The Plan Administrator has all the powers necessary for it to properly carry out its administrative duties. Not in limitation, but in amplification of the foregoing, the Plan Administrator has complete discretion to construe or interpret the provisions of the Plan, including ambiguous provisions, if any, and to determine all questions that may arise under the Plan, including all questions relating to the eligibility of Employees to participate in the Plan and the amount of benefit to which any Participant, Beneficiary, or Contingent Annuitant may become entitled. The Plan Administrator's decisions upon all matters within the scope of its authority shall be final.

Unless otherwise set out in the Plan or Annuity Contract, the Plan Administrator may delegate recordkeeping and other duties which are necessary for the administration of the Plan to any person or firm which agrees to accept such duties. The Plan Administrator shall be entitled to rely upon all tables, valuations, certificates and reports furnished by the consultant or actuary appointed by the Plan Administrator and upon all opinions given by any counsel selected or approved by the Plan Administrator.

The Plan Administrator shall receive all claims for benefits by Participants, former Participants, Beneficiaries, and Contingent Annuitants. The Plan Administrator shall determine all facts necessary to establish the right of any claimant to benefits and the amount of those benefits under the provisions of the Plan. The Plan Administrator may establish rules and procedures to be followed by claimants in filing claims for benefits, in furnishing and verifying proofs necessary to determine age, and in any other matters required to administer the Plan.

#### **SECTION 9.02--EXPENSES.**

Expenses of the Plan, to the extent that the Employer does not pay such expenses, may be paid out of the assets of the Plan provided that such payment is consistent with any law to which the Plan is subject. Such expenses include, but are not limited to, expenses for recordkeeping and other administrative services; fees and expenses of the Trustee or Annuity Contract; expenses for investment education service; and direct costs that the Employer incurs with respect to the Plan.

#### **SECTION 9.03--RECORDS.**

All acts and determinations of the Plan Administrator shall be duly recorded. All these records, together with other documents necessary for the administration of the Plan, shall be preserved in the Plan Administrator's custody.

Writing (handwriting, typing, printing), photostating, photographing, microfilming, magnetic impulse, mechanical or electrical recording, or other forms of data compilation shall be acceptable means of keeping records.

#### **SECTION 9.04--DELEGATION OF AUTHORITY.**

All or any part of the administrative duties and responsibilities under this article may be delegated by the Plan Administrator to a retirement committee. The duties and responsibilities of the retirement committee shall be set out in a separate written agreement.

#### **SECTION 9.05--EXERCISE OF DISCRETIONARY AUTHORITY.**

The Employer, Plan Administrator, and any other person or entity who has authority with respect to the management, administration, or investment of the Plan may exercise that authority in its/his full discretion, subject only to the duties imposed under any law to which the Plan is subject. This discretionary authority includes, but is not limited to, the authority to make any and all factual determinations and interpret all terms and provisions of the Plan documents relevant to the issue under consideration. The exercise of authority will be binding upon all persons; will be given deference in all courts of law; and will not be overturned or set aside by any court of law unless found to be arbitrary and capricious or made in bad faith.

## **ARTICLE X**

### **GENERAL PROVISIONS**

#### **SECTION 10.01--AMENDMENTS.**

The Employer may amend this Plan at any time, including any remedial retroactive changes (within the time specified by Internal Revenue Service regulations), to comply with any law or regulation issued by any governmental agency to which the Plan is subject.

An amendment may not diminish or adversely affect any accrued interest or benefit of Participants or their Beneficiaries nor allow reversion or diversion of Plan assets to the Employer at any time, except as may be required to comply with any law or regulation issued by any governmental agency to which the Plan is subject.

#### **SECTION 10.02--DIRECT ROLLOVERS.**

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

#### **SECTION 10.03--PROVISIONS RELATING TO THE INSURER AND OTHER PARTIES.**

The obligations of an Insurer shall be governed solely by the provisions of the Annuity Contract. The Insurer shall not be required to perform any act not provided in or contrary to the provisions of the Annuity Contract. Each Annuity Contract when purchased shall comply with the Plan. See the CONSTRUCTION SECTION of this article.

Any issuer or distributor of investment contracts or securities is governed solely by the terms of its policies, written investment contract, prospectuses, security instruments, and any other written agreements entered into with the Trustee with regard to such investment contracts or securities.

Such Insurer, issuer or distributor is not a party to the Plan, nor bound in any way by the Plan provisions. Such parties shall not be required to look to the terms of this Plan, nor to determine whether the Employer, the Plan Administrator, or the Trustee have the authority to act in any particular manner or to make any contract or agreement.

Until notice of any amendment or termination of this Plan or a change in Trustee has been received by the Insurer at its home office or an issuer or distributor at their principal address, they are and shall be fully protected in assuming that the Plan has not been amended or terminated and in dealing with any party acting as Trustee according to the latest information which they have received at their home office or principal address.

#### **SECTION 10.04--EMPLOYMENT STATUS.**

Nothing contained in this Plan gives an Employee the right to be retained in the Employer's employ or to interfere with the Employer's right to discharge any Employee.

#### **SECTION 10.05--RIGHTS TO PLAN ASSETS.**

An Employee shall not have any right to or interest in any assets of the Plan upon termination of employment or otherwise except as specifically provided under this Plan, and then only to the extent of the benefits payable to such Employee according to the Plan provisions.

Any final payment or distribution to a Participant or his legal representative or to any Beneficiaries or Contingent Annuitant of such Participant under the Plan provisions shall be in full satisfaction of all claims against the Plan, the Plan Administrator, the Insurer, the Trustee, and the Employer arising under or by virtue of the Plan.

#### **SECTION 10.06--BENEFICIARY.**

Each Participant may name a Beneficiary to receive any death benefit (other than any income payable to a Contingent Annuitant) that may arise out of his participation in the Plan. The Participant may change his Beneficiary from time to time. The Participant's Beneficiary designation and any change of Beneficiary shall be subject to the provisions of the ELECTION PROCEDURES SECTION of Article VI. It is the responsibility of the Participant to give written notice to the Insurer of the name of the Beneficiary on a form furnished for that purpose.

With the Employer's consent, the Plan Administrator may maintain records of Beneficiary designations. In that event, the written designations made by Participants shall be filed with the Plan Administrator. If a Participant dies, the Plan Administrator shall certify to the Insurer the Beneficiary designation on its records for the Participant.

If there is no Beneficiary named or surviving when a Participant dies, the Participant's Beneficiary shall be the Participant's surviving spouse, or where there is no surviving spouse, the executor or administrator of the Participant's estate.

#### **SECTION 10.07--NONALIENATION OF BENEFITS.**

Benefits payable under the Plan are not subject to the claims of any creditor of any Participant, Beneficiary, spouse, or Contingent Annuitant. A Participant, Beneficiary, spouse, or Contingent Annuitant does not have any rights to alienate, anticipate, commute, pledge, encumber or assign any of such benefits, except in the case of a loan as provided in the LOANS TO PARTICIPANTS SECTION of Article V. The preceding sentences shall not apply to a domestic relations order.

#### **SECTION 10.08--CONSTRUCTION.**

The validity of the Plan or any of its provisions is determined under and construed according to Federal law and, to the extent permissible, according to the laws of the state in which the Employer has its principal office. In case any provision of this Plan is held illegal or invalid for any reason, such determination shall not

affect the remaining provisions of this Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been included.

In the event of any conflict between the provisions of the Plan and the terms of any Annuity Contract issued hereunder, the provisions of the Plan control.

#### **SECTION 10.09--LEGAL ACTIONS.**

No person employed by the Employer; no Participant, former Participant, or their Beneficiaries; nor any other person having or claiming to have an interest in the Plan is entitled to any notice of process. A final judgment entered in any such action or proceeding shall be binding and conclusive on all persons having or claiming to have an interest in the Plan.

#### **SECTION 10.10--SMALL AMOUNTS.**

If the Vested Account of a Participant is not more than the dollar limit under Code Section 411(a)(11)(A), his entire Vested Account shall be paid in a single sum as of the earlier of the date he dies or the date he ceases to be an Employee for any other reason (the date the Employer provides notice to the record keeper of the Plan of such event, if later). If a Participant would have received a distribution under the first sentence of this paragraph but for the fact that the Participant's Vested Account exceeded the small amount cash out limit, and if at a later time the Participant's Vested Account is equal to or less than the small amount cash out limit and such Participant has not again become an Employee, such Vested Account shall be paid in a single sum. This is a small amounts payment.

If a small amounts payment is made as of the date the Participant dies, the small amounts payment shall be made to the Participant's Beneficiary. If a small amounts payment is made while the Participant is living, the small amounts payment shall be made to the Participant. The small amounts payment is in full settlement of benefits otherwise payable.

No other small amounts payments shall be made.

#### **SECTION 10.11--WORD USAGE.**

The masculine gender, where used in this Plan, shall include the feminine gender and the singular words, as used in this Plan, may include the plural, unless the context indicates otherwise.

The words "in writing" and "written," where used in this Plan, shall include any other forms, such as voice response or other electronic system, as permitted by any governmental agency to which the Plan is subject.

#### **SECTION 10.12--MILITARY SERVICE.**

Notwithstanding any provision of this Plan to the contrary, the Plan shall provide contributions, benefits, and service credit with respect to qualified military service in accordance with Code Section 414(u). Loan repayments shall be suspended under this Plan as permitted under Code Section 414(u).

By executing this Plan, the Employer acknowledges having counseled to the extent necessary with selected legal and tax advisors regarding the Plan's legal and tax implications.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

COMMUNITY DEVELOPMENT COMMISSION OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_

\_\_\_\_\_  
Title

Deferred Compensation Plan 8.1



**FIA**  
**Service and Expense Agreement**

This Agreement is made by and between the undersigned Plan Representative ("you", "your") and the undersigned member company of the Principal Financial Group® ("we", "us", "our"). You and we are the "Parties" to this Agreement. Each of the Parties may be referred to separately as a "Party".

This Agreement consists of this page and the following pages. The following pages are incorporated in, and made a part of, this Agreement for all purposes. This Agreement also includes any subsequent Disclosure. By signing this page, the Parties agree to all the terms of this Agreement and to be bound by any and all parts of it as if the Parties had signed at the end.

Capitalized terms used in this Agreement will have the meanings set out in the "Glossary" below unless a different meaning is plainly required by context.

Each of the Parties represents and warrants that it has the authority to enter into this Agreement and will be bound by it. Each individual signing this Agreement represents and warrants that she or he has, individually or together with any other persons signing this Agreement on behalf of the same Party, the authority to sign this Agreement and make it binding on the Parties.

This Agreement sets out the entire understanding of the Parties on the matters covered in the Agreement. It supersedes and cancels any and all prior agreements, understandings, or representations between the Parties, whether written or oral, relating to these matters. Nothing in this Agreement will be taken as amending, modifying, or waiving any terms and conditions of any Investment. Nonetheless, the Parties agree that while this Agreement will serve as the basis for the relationship set out in this Agreement, that relationship will include the course of dealing between the Parties. The practices and procedures arising in that course of dealing will be considered a part of this Agreement and enforceable as if included in it.

**Community Development Commission  
of the County of Los Angeles  
(Plan Representative)**

**Principal Life Insurance Company  
(Member Company of the Principal  
Financial Group)**

By: \_\_\_\_\_

By: J. Barry Swannell

Title: \_\_\_\_\_

Title: Chairman, President and CEO

Date Signed: \_\_\_\_\_

State in which signed by Plan  
Representative ("State") California

Please sign and return entire document

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## **ARTICLE I -- SERVICES**

The Services you select for the Plan may fall into the following general categories.

- Administrative Services
- Government Compliance and Filing Services
- Consulting Services
- Optional Services
- Asset Holding Services

The services outlined on the following pages are basic services. If you would like additional services, please contact us for a supplemental service agreement.

We rely on you to give us the information that we need to provide the Services. Your cooperation is important to our acting timely and accurately. We will not be obligated to perform any Services if we do not receive timely, accurate, and complete information. We will not be liable with regard to any performance, failure to perform, or partial performance of, Services when we are acting based on late, incomplete, or inaccurate information. Where possible we will Notify you via the Sponsor Service Center Internet site and Message Center. Please note that not all Services will be available to all plans.

Our goal is to provide you with outstanding service. We are so sure we can provide it promptly and accurately that we guarantee it. If you are unhappy with a specific Service we provided, just tell us. We promise to fix the problem to your satisfaction. If we are unable to do so, we will waive the Fee for that Service. This will not, however, apply to situations where the problem resulted from our receipt of late, incomplete, or inaccurate information.

## ADMINISTRATIVE SERVICES

Service We Offer	Your Role and Election
<p><b>Access to information for your financial professional(s)</b> via the Principal eFinancial Professional<sup>sm</sup> website located on <a href="http://www.principal.com">www.principal.com</a>.</p> <p><b>Basic service assumes:</b></p> <p><b>Access to Plan-level Information only.</b></p>	<p>Allow your financial professional(s) access to timely information regarding your Plan.</p> <p><b>Optional Elections*:</b></p> <p><input checked="" type="checkbox"/> Also grant financial professional(s) access to Participant-level Information.</p> <p><input type="checkbox"/> Do not grant financial professional(s) access to Plan-level Information or Participant-level Information.</p> <p>Future access for your financial professional(s) can be modified via the Manage Security tab on the Principal Sponsor Service Center<sup>sm</sup>.</p>
<p><b>Directions, a Guide to Retirement Plan Operations</b> to assist with daily operation of the Plan.</p>	<p>Use the guide to help with the day-to-day activities of your Plan. Included are administrative forms as required by the Plan Document, the IRC and ERISA.</p>
<p><b>Electronic Services</b> are used to facilitate the fastest, most accurate, and cost effective communication and access to information, including daily updated values for each Account.</p> <p>These Services include:</p> <ul style="list-style-type: none"> <li>TeleTouch<sup>®</sup> (interactive voice response system)</li> <li>The Principal Retirement Service Center<sup>®</sup> (Internet)</li> <li>Electronic data reporting</li> <li>Electronic Funds Transfer (EFT)</li> </ul>	<p>Use electronic services provided to report and obtain Plan information. You must oblige Participants to transfer Investments or change Investment elections electronically as allowed by the Plan.</p>
<p><b>Electronic Enrollment Services</b> are provided to employees with regard to the Plan.</p>	<p>Your employees can enroll in the Plan using the Internet or the phone. All you need to do is provide basic employee data electronically.</p>
<p><b>Location Recordkeeping Services</b> provided for more than one employee group or location (if applicable). Basic service is all communication handled through <u>one</u> location.</p>	<p>Provide Participant location information and changes.</p> <p><b>Optional Election*:</b></p> <p><input type="checkbox"/> Provide location recordkeeping where communication is handled through multiple locations.</p>

\*Additional Fees may apply for Optional Elections selected.

### ADMINISTRATIVE SERVICES (cont.)

Service We Offer	Your Role and Election
<b>Monitor Plan Requirements</b> such as minimum required distributions, beneficiary designations and vesting records.	Complete data collection requests in a timely manner.
<p><b>Participant Distributions and Withdrawals</b> and periodic payments to inactive Participants are provided. We will act as paying agent for distributions authorized by you under the Plan, including payment of small lump sum amounts to the Participant or into an IRA for the Participant, based on Plan Document provisions and applicable law. Our responsibility includes preparing all required federal income tax reporting and withholding Services with respect to distributions from the Plan.</p> <p>Basic service assumes small amounts benefits are paid without your further consent.</p>	<p>Timely inform us of Participant employment, termination or retirement.</p> <p><b>Optional Election*:</b>  <input type="checkbox"/> Your signature is required to pay any benefit.</p>
<p><b>Participant Loan Recordkeeping Services</b> if the Plan allows loans. Plan loans are initiated through The Principal Retirement Service Center or TeleTouch. Repayments are received via payroll deduction.</p>	<p><b>Optional Election*:</b>            Loan initiation method:  <input type="checkbox"/> eSignature  <input type="checkbox"/> Paper</p>
<p><b>Personal Retirement Account (PRA)</b> maintains funds for inactive Participants under your Plan. We communicate directly with these Participants.</p> <p>Basic service assumes that PRA is utilized and benefits are paid without your further consent.</p>	<p><b>Optional Election*:</b>  <input type="checkbox"/> Your signature is required to pay any benefit.</p>
<b>Plan Sponsor Communications</b> to help you make informed decisions on Investment and retirement plan issues.	Use to stay informed on the latest Investment and retirement plan issues.

\*Additional Fees may apply for Optional Elections selected.

### ADMINISTRATIVE SERVICES (cont.)

Service We Offer	Your Role and Election
<p><b>Plan Sponsor and Participant Statements</b> summarize Plan activity for the period covered. Statements will be mailed as soon as possible.</p> <p>Basic service assumes statements are prepared quarterly and mailed to Participants' homes unless otherwise requested.</p>	<p>Report Participant contributions, vesting, enrollment and benefit event information to use accurately and timely.</p> <p><b>Optional Elections*:</b> Statement frequency**:  <input type="checkbox"/> Semi-annually  <input type="checkbox"/> Annually  <input type="checkbox"/> Monthly</p> <p>Send reports to:  <input type="checkbox"/> You in bulk  <input type="checkbox"/> You in individual envelopes</p> <p><b>**If Principal Investor Funds (PIF) or Access Funds are used by your Plan, statement frequency cannot be less than quarterly.</b></p>
<p><b>Qualified Domestic Relations Order (QDRO)</b> provides assistance with respect to QDRO determination by providing tools such as:</p> <ul style="list-style-type: none"> <li>• Checklist for determining the status of a Domestic Relations Order (DRO)</li> <li>• Standard letters that can be used to communicate with Participants and alternative payees.</li> </ul>	<p>Timely inform us of the receipt of a DRO. Notify affected Participants and potential alternate payee(s) that the DRO was received and advise them of the procedures for determining the qualified status of DRO. Make determination concerning the qualified status of DRO. Notify Participant and potential alternate payee(s) of the determination.</p> <p>Enhanced QDRO Services are available under Optional Services.</p>

\*Additional Fees may apply for Optional Elections selected.

## GOVERNMENT COMPLIANCE & FILING SERVICES

Service We Offer	Your Role and Election
<b>DOL Submission Letter</b> sample provided for 457(b) plans.	Complete and file with the Department of Labor.

## CONSULTING SERVICES

Service We Offer	Your Role and Election
<p><b>Documentation Services</b> are provided including a sample Plan Document for your review and that of your legal adviser. The sample can be provided in either paper or electronic format for your review. Subsequent requests for changes to the documents may result in additional charges.</p>	<p>Communicate the Plan provisions that meet your employees' needs.</p> <p><b>Optional Elections*:</b></p> <p>[ ] Do not prepare Plan Document</p>
<p><b>Plan Design Consultation</b> is offered providing proposals and recommendations to assist you in meeting your retirement plan goals.</p>	<p>Communicate the retirement goals and objectives of you and your Plan Participants.</p>
<p><b>Review Transfer Plan Documentation</b> for compliance with current legislation and regulations and make recommendations for any amendments.</p>	<p>Provide copies of complete prior Plan Document for review.</p>

\*Additional Fees may apply for Optional Elections selected.

## OPTIONAL SERVICES

These Optional Services may require a supplemental service agreement and additional Fees may apply. Fees for Optional Services are subject to the Fee Payment Summary as stated herein.

Service We Offer	Your Election
<p><b>Enhanced QDRO Service</b> provides consultative support following agreed upon guidelines for processing DROs. This service includes:</p> <ul style="list-style-type: none"> <li>• Supported development of procedures, guidelines, and a Plan-specific checklist in order to facilitate processing and approval on behalf of the plan administrator.</li> <li>• Model QDRO language provided.</li> <li>• Notification letters sent to affected Participant and potential alternate payee(s) upon receipt of DRO.</li> <li>• Comprehensive review and evaluation of DRO pursuant to approved procedures and guidelines.</li> <li>• Consultative services for Participants, and alternate payees, or their advisors, including communication to plan administrator regarding evaluation of DRO and recommended action.</li> <li>• Required notifications to Participants and alternate payees sent by us.</li> </ul>	<p><b>Optional Election*:</b>  [X] Provide the Enhanced QDRO Service.</p>

\*Additional Fees may apply for Optional Elections selected.

## ASSET HOLDING SERVICES

Service We Offer	Your Election
<p><b>Directed Trust Services.</b> If the Plan utilizes a Principal Trust Company Directed Governmental Trust Agreement provided by Delaware Charter Guarantee &amp; Trust Company, a Delaware corporation conducting business under the trade name of Principal Trust Company, ("Principal Trust") by signing this Agreement, you authorize and direct us to pay the Fees for such directed trust Services.</p>	<p><input checked="" type="checkbox"/> Provide Principal Trust Directed Trust Services.</p> <p>Other trust services may be requested and agreed upon. If selected, additional charges may apply.</p> <p><input type="checkbox"/> Custodial services for company stock  <input type="checkbox"/> Other service _____  <span style="display: block; text-align: right;">(specify)</span></p> <p>A \$10 annual per Participant Fee for safekeeping loan documents (if applicable).</p>

Principal Trust may agree to perform supplemental services with regard to the Plan in addition to the Services described above under "Asset Holding Services". Principal Trust will be under no duty or obligation to perform supplemental services. No such duty is implied in this Agreement or any other agreement, nor may such be inferred. Performing supplemental services for or with regard to other plans, Participants in a plan, or any arrangement funding another plan will not obligate Principal Trust to agree to perform such Services for any Plan Entity. Any supplemental services will be set out in a written supplemental service agreement between you and Principal Trust. Fees for such services will be described in that agreement. Such Fees, if allowed by that agreement, may be paid as if they were Fees described in this Agreement.

**General.** Any service(s) provided by Principal Trust, and the Fees for such Services, may be modified or withdrawn at any time in accordance with either this Agreement or as set out under the directed trust, custodial, or supplementary service agreement(s) with Principal Trust, as applicable.

\*Additional Fees may apply for Optional Elections selected.



## ARTICLE II -- FEE PAYMENT SUMMARY

**This Agreement incorporates the terms of expense proposal no. 3560-84355130, which is incorporated into, and made a part of, this Agreement for all purposes.**

Notwithstanding anything in the Agreement to the contrary, the Fees set out in this Exhibit are guaranteed through the third deposit year. Where we have specifically stated in the expense proposal referred to above that a Fee is not guaranteed, such Fees can be changed in accordance with §8.4. Fees may also be changed, despite the guarantee, if the Plan experiences a Major Business Change. If this occurs, we will give you notice of new Fees and guarantee period.

This Exhibit provides for the payment of Fees. Payment of fees or expenses set out in other agreements is not affected by this and such payments are in addition to the amounts set out in this Exhibit.

### **Collection of Fees**

The following collection method will apply for the payment of Fees:

Currently there are no explicit charges to you for plan expenses.

Future changes in your Fees including changes on account of a Major Business Change, will be billed to you directly each quarter. If Plan Forfeitures are available, forfeitures will first be used to offset the Fees. This fee payment method will apply until such time you provide us with Notice of a different election. Such new election will go into effect with the next billing cycle occurring after our receipt of your Notice.

### **Optional Elections:**

- ☐ Plan Forfeitures - forfeitures will be used to offset Plan expenses
  - ☐ Combination (bill, remainder is net)      ☐ Combination (net, remainder is bill)
  - ☐ Combination (deduct, remainder is bill)      ☐ Combination (bill, remainder is deducted)
- ☐ Participant Loans\* - billed directly (\$40.00 set-up Fee per loan/ \$8.00 per loan each quarter)

*\*This does not include any Fee imposed by Principal Trust for the safekeeping of loan documents previously described.*

## ARTICLE III -- GENERAL PROVISIONS

### 3.1 Engagement and Deposits

Engagement. You engage us to provide the Services. We accept that engagement.

Making Deposits. You will arrange for Deposits to be made. We will not do so. We have no obligation to collect any Deposits. We will not be required to inquire about the payment or amount of any Deposit.

Treatment of Deposits. All directions regarding the allocation and investment of Deposits that we receive in a Notice will be forwarded to the Funding Agent. If we receive incomplete Notice regarding the allocation or investment of all or any part of a Deposit, we will direct the Funding Agent to invest the portion of the Deposit for which we have no allocation directions in the Default Option. We will not give you or the relevant Participant a specific Announcement of any such actions taken due to incomplete Notice. The next periodic report of Account balances will serve as Notice of amounts received since the last periodic report.

### 3.2 Transfers

Transfers. If we receive Notice directing the liquidation of any Investment and the Transfer of the proceeds to a Successor or another Investment, we will forward that direction to the Funding Agent. This direction to liquidate an Investment and Transfer the proceeds cannot be reversed or altered. Any attempt to do so will not be considered a Notice.

\*Effect of Transfer. We will provide a final accounting with regard to Transfers. This will show the Transfer and the effect of the Transfer on the relevant Account(s). We will not be responsible for providing any Services with regard to amounts Transferred to a Successor. The final accounting will be provided in a reasonable time period after Transfer to the Successor occurs.

### 3.3 Services

Services. We will provide Services in a timely manner while this Agreement is in force. This is subject to your fulfilling the role required of you with respect to each of those Services, our receipt of timely and correct data, and our receiving timely payment of Fees. If you propose timing for a Service other than our standard timing, you must give us at least 60 days prior Notice. We may, but are not obligated to, accept your proposed timing. If we do so, we will Announce our acceptance to you.

\*Records and Reports. We will keep accurate, detailed records and make reports to the Plan or Participants and others as you direct in a Notice. Ninety days after we furnish those reports, we will be released and discharged from all liability concerning our performance with regard to this Agreement, as reflected by the reports. This will not apply to any performance as to which written objections have been filed with us within the 90-day period. The Parties agree to provide to each other, on a timely basis, such reports and records as the other may reasonably require in the performance of their respective obligations under this Agreement. This includes the orderly termination of this Agreement.

Special Services. From time to time, we may agree to provide services other than the Services specifically described in this document. These special services may require a supplemental agreement and additional fees, charges, or expenses, which will be paid either as set out in the supplemental agreement or will be treated as Fees.

### **3.4 Rights and Duties**

\*Status. Nothing in this Agreement, nor in the provision of Services, makes us a party to, or a fiduciary or administrator regarding, the Plan or any Plan Entity.

\*Limitation on Our Duties. We will not be under any duty:

- to take any action with regard to any Plan Entity, unless we specifically agree in writing to do so,
- of inquiry into any Notice, communication, or other matter regarding any Plan Entity,
- to enforce any provision of the Plan or any trust or other arrangement funding the Plan,
- beyond a duty of ordinary care,
- to inquire about the status or performance of the Plan, any Plan Entity, or any Successor,
- to anticipate or initiate a compulsory distribution from the Plan, or
- to perform Services regarding any amounts that are not Deposits or their proceeds.

Our duties and performance under this Agreement do not give us knowledge of any underlying fault or problem with regard to the Plan or any Plan Entity.

\*Limitation on Our Liability. Our performance under this Agreement is heavily dependent on information provided to us by Notice. We will not be responsible for any improper performance of, or failure to perform, any Service due, in whole or in part, to receipt of no, or incomplete or incorrect, data needed to perform that Service.

\*Right to Rely. We may rely conclusively on any Notice we receive. We will not have any liability for any losses that may arise from the acts, omissions, delays, or inaction of any other person. We will not have any responsibility to any Plan Entity for the tax treatment of the Plan, any Participant, or any Transfer.

### **3.5 Compensation**

\*Obligation to Pay Fees. We are entitled to our Fees. Fees will be in the amount and collected as described in under "Fee Payment Summary". You represent that the method of Fee payment you elect is appropriate under the Plan Document and applicable law.

Billed Fees will be billed to the address you direct in a Notice. The billed Fees are due within 30 days of billing. If any Fee billed is not paid within 30 days of the billing for any reason, the amount of those unpaid Fees will be treated as deducted Fees and will be deducted accordingly. Advanced notification will be provided prior to Fees being deducted.

Deducted Fees will be deducted pro-rata from the Accounts. The deduction within the Accounts will be pro-rata by the Investments. We are specifically authorized and directed to collect Fees in this manner.

Fees that cannot be deducted from the Accounts under either the Plan Document or applicable law may only be billed. This includes Fees incurred in connection with what are considered to be settlor functions.

Fees include sales compensation that is payable to a duly licensed individual, as designated by you in the Acknowledgement of Compensation and Contract Information, with regard to the sale of any Investment. We are authorized and directed to pay that compensation. In the event of some change in circumstances under which payments can no longer be made to the licensed individual you agree to duly appoint another. We will assist you in this process.

Other Compensation. We may earn compensation in the form of short-term interest ("float") on things like uncashed distribution checks (from the date issued until the date cashed). We may also earn "float" on Deposits, loan payments, and other amounts awaiting investment, and on Transfers or distributions involving certain non-proprietary funds prior to processing. The "float" earns money market rates. "Float" is not directly credited to plans for which we provide Services. Deposits and Transfers are normally allocated and invested the same day or as soon as possible afterwards, however, there are certain situations where the allocation of these funds will take a longer period of time. Distribution checks are normally mailed the day they are issued. The timing of when checks are cashed is beyond our control.

\*Other Fees. Our Fees may include supplemental amounts charged by us, in our sole discretion, if any part of a Service must be redone because of any incomplete or incorrect information provided to us by you or by a Participant. Any of the amounts described in this Section will be reasonable and treated as Fees and paid as described above. We will pay from the Accounts, in the manner you direct in a Notice, other charges, or expenses that the Plan can pay under the Plan Document and applicable law.

### **3.6 Duration and Termination of Agreement**

Duration of Agreement. This Agreement will remain in effect indefinitely. It will be fully binding on the Parties. It will also extend to their respective successors and assigns. This Agreement, may, however, be terminated by one of the Parties on at least 90 days prior written Notice to the other. If the Funding Agent is an affiliate of ours, termination of the Plan's relationship with the Funding Agent will also constitute Notice to us of termination of this Agreement. (The period between the Notice of, and the date for, termination of this Agreement will be referred to as the "termination period" below.)

Effect of Termination. During the termination period, we will:

- accept Notices regarding Transfers to the Successor, except for the last five days of the termination period,

- accept Deposits and Notices regarding the allocation of Deposits except for the last 10 days of the termination period,
- accept Notices regarding Transfers between Investments except for the last 10 days of the termination period, and
- cease to accept Notices regarding Transfers between Investments when it is not possible for the Investments described in such Notices, due to their operation or issues of timing or other restrictions of the documents governing such Investments, to be liquidated prior to the end of the termination period.

We will direct the Funding Agent to convey all remaining Investments to the Successor at the end of the termination period.

We will provide to you a final report with regard to all Accounts as of the end of the termination period. We will not be obligated to make any further reports regarding the Plan or any portion of the Plan, except as described under “Records and Reports” above and “Cooperation” below.

\*Cooperation. The Parties agree to cooperate in all actions regarding the termination of this Agreement. The actions required to terminate this Agreement are to be completed as soon as possible. This cooperation will include the continued provision of information and reports between the Parties that is reasonably needed to affect the transfer of data and Investments necessary to end this Agreement and allow the Successor to perform its duties.

Final Termination. Except for paragraphs with underlined headings marked with asterisks, this Agreement will terminate at the end of the termination period. Paragraphs with underlined headings marked with asterisks will survive the termination of this Agreement.

### **3.7 Miscellaneous**

Assignment - Assets. We understand that none of the Investments are to be subject to any kind of anticipation, alienation, sale, transfer, assignment, pledge, charge, or encumbrance. We will act accordingly in providing the Services. Neither this nor anything in this Agreement may be interpreted as impairing our ability to collect Fees.

Assignment - Rights. Neither this Agreement, nor any right, title, interest, or performance with regard to this Agreement may be alienated, assigned, anticipated, in any manner, without the express written agreement of both Parties. We may, however, assign our rights, duties, and obligations under this Agreement to an affiliate without anyone’s agreement. We will Announce any such assignment to you.

Amendment. No variations, modifications, or amendments of this Agreement, or any term or condition, will be binding on either Party, unless made by:

- written agreement executed by both Parties, effective as agreed on,
- Notice from you to us of a change in the name of the Plan,
- 90-day advance Announcement to you of changes required by law, or
- Announcement:

- ❖ of changes to Disclosure by posting such changes on our website, [www.principal.com](http://www.principal.com), effective on such posting,
- ❖ regarding changes to this Agreement required by a Major Business Change, effective on the sending of the Announcement,
- ❖ of changes to Fees, effective 60 calendar days after the giving of the Announcement,
- ❖ describing changes by us to reflect our assignment of this Agreement to an affiliate, effective on the giving of such Announcement,
- ❖ describing the changes made under “Enforceability and Severability” below, effective as set out in the Announcement, or
- ❖ accepting a proposed timing for a Service under “Services” above, effective as set out in the Announcement.

This Agreement may be amended in accordance with this section at any time and without the approval of, or notification to, any other entities.

Waiver. It is understood and agreed that no failure or delay to exercise, nor any single or partial exercise of, any right, power, or privilege given or arising under this Agreement will operate as a waiver of future rights to exercise any such right, power, or privilege.

\*Construction. This Agreement will be construed in accordance with the laws of the State. This Agreement will be construed as though jointly drafted by the Parties and according to the fair intent of the language as a whole and not for or against any Party. The term “including” (in its various forms) will be construed as providing examples only and as being without limitation. Nothing in this Agreement will be taken as amending, modifying, or waiving any terms and conditions of any agreement. We are only obligated to provide Services and nothing more. While we may, from time to time, agree to perform other or different actions or services with regard to the Plan or other Plans, we are under no obligation to do so. No such obligation is implied in this Agreement or by our performance, nor may any be inferred.

Counterparts. This Agreement may be signed in any number of counterparts, each of which will be considered an original, but all of those counterparts will together constitute only one Agreement.

Enforceability and Severability. The determination that any provision of this Agreement is not enforceable in a particular jurisdiction will not affect the validity or enforceability of the remaining provisions generally, or in any other jurisdiction or as to any other entities not involved in that judgement. Such unenforceable provisions will be stricken or deemed modified in accordance with such determination and this Agreement, as so modified, will continue to be in force and effect.

\*Taxes. Income taxes, taxes of any other kind, or fines or penalties may be directly or indirectly levied or assessed on, or with regard to, any Investment or any Plan Entity. These amounts are to be satisfied from the affected Accounts, to the extent allowed by law. Any such amounts will be treated as Fees and either be deducted or billed as if they were Fees.

\*Force Majeure. We will incur no liability to you or any Plan Entity and will not be responsible for delivery or non-delivery or error in transmission of reports or Notices that is caused by third

parties. We will also not be responsible for any delay in performance, or non-performance, of any obligation hereunder and for any loss to the extent that such delay in performance, or non-performance or such loss is due to forces beyond our reasonable control including delays, errors, or interruptions caused by third parties, any industrial, judicial, governmental, civil or military action, acts of terrorism, insurrection, or revolution, nuclear fusion, fission or radiation, failure or fluctuation in electrical power, heat, light, air conditioning, or telecommunications equipment, or acts of God.

Fiduciary Statement. Principal Life Insurance Company, as an investment manager, is a fiduciary with regard to the selection, monitoring and retention of the portfolio managers for its Separate Accounts. ERISA imposes on the plan administrator ongoing accountability for the selection and monitoring of those to whom specific fiduciary responsibilities have been delegated or on whom the plan administrator is depending for help in meeting its own fiduciary obligations.

Principal Life Insurance Company will hold harmless and indemnify the appropriate named fiduciary of the plan from claims by a plan participant sustained through judgment by a court of competent jurisdiction on grounds of the negligence of Principal Life in the selection, monitoring and retention of the portfolio managers for its Separate Accounts.

Implementation. The fiduciary obligation described in the immediately preceding paragraph arises independently of this Agreement. It does not affect or relate to this Agreement. It does not affect or relate to any duties, performance of the obligations of ours under this Agreement, in any way. The indemnity is effective only if we receive timely Notice of a claim with regard to which indemnity is sought and your cooperation in responding to such claim. For the purposes of this and the preceding paragraph, "Principal Life Insurance Company" will refer to us, "plan participant" will mean a Participant, and "Plan Sponsor" will mean the entity that has established and maintained the Plan, as defined in ERISA §3(16)(B).

Partial Compulsory Distributions. If with regard to any partial compulsory distribution from a Plan (including a minimum required distribution) we do not receive Notice detailing what Investments to liquidate or what to do to provide such a partial compulsory distribution to the Participant, we will, and you authorize us to, direct the Plan Funding Agent to liquidate Investments pro rata, or as close as may be possible, in the relevant Account and invest the proceeds in shares of a money market mutual fund. If we receive no Notice providing further details from you we will use our best efforts to pay the proceeds directly to the affected Participants and will be recompensed by you for any additional costs or expenses incurred in doing so.

## ARTICLE IV -- DISCLOSURES

### Access Funds

Principal Life Insurance Company (Principal Life) and/or its affiliate, Princor Financial Services Corporation (Princor), receives annual revenue from certain fund families as part of our agreement with the specific mutual fund and/or its distributor. The following chart illustrates the annual revenue Principal Life receives for the mutual funds you have selected for your Plan. The revenue is calculated as a percentage of the assets that our clients have invested in these mutual funds.

While this revenue does not offset our Fees on a dollar for dollar basis, we do take it into consideration when we establish the rate of our Fees. The return from the Investment you have chosen is not diminished as a result of the payment of this revenue to Principal Life.

<u>Fund Family</u>	<u>Shareclass</u>	<u>Payment</u>
American Funds	R-3	0.60%
Mason Street	A	0.50%

\* Principal Life or Princor may receive additional revenue from some Access Funds and/or their distributors, not in excess of 0.20%, if we exceed certain thresholds set by the Access Fund and/or its distributor.

For future updates and changes on the annual revenue we receive from each mutual fund family, please log in and visit the Investments tab on the Principal Sponsor Service Center site at [www.principal.com](http://www.principal.com).



## ARTICLE V -- GLOSSARY

**“Account”** means an individual account established under the Plan for a Participant.

**“Announcement”** means a communication from us to you or a Participant. An Announcement, except as otherwise required in this Agreement, may be written or in the form of electronic transmissions, facsimiles, or photocopies. An Announcement will be sufficient in whatever form we send it. We may also make Announcements to the sponsor of the Plan. Announcement will also include the term “Announce”.

**“Default Option”** shall mean either the Plan-level Default Option or the Participant-level Default Option as defined within this Agreement, or both, as appropriate under the circumstances.

The Plan-level Default Option means the Principal Fixed Income Option\* in situations where (i) we have not received Notice containing instructions regarding which Account(s) amounts such as Deposits are to be allocated and (ii) we are not able to determine what amounts are to be allocated to what Account.

The Participant-level Default Option means the Principal Fixed Income Option\* in situations where we have received Notice that allows us to determine what Account amounts such as Deposits are to be allocated to, but we have not received Notice that allows us to determine to what Investments these amounts are to be allocated.

If the Plan-level or Participant-level Default Option(s) are not available to the Plan or become unavailable, then the respective unavailable Default Option will be the money market option available to the Plan or, if there is no money market option, the Guaranteed Interest Investment with the shortest duration.

\*Principal Fixed Income Option is the Group Annuity Contract - Custodial Guaranteed Fund Contract available through Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, Iowa, 50392.

**“Deposits”** means amounts forwarded by, or with regard to, the Plan to the Funding Agent as described in this Agreement and must be an electronic transfer of immediately available funds.

**“Disclosure”** means information regarding certain Investments. It is set out in “Disclosures”.

**“Fee”** means any amount due and payable to us under this Agreement.

**“Funding Agent”** means the trustee or other entity that can receive and hold plan assets, which has been retained to do so with regard to the Plan, and through which the Plan is funded. The Funding Agent either holds, or has made arrangements with others to hold, Investments on behalf of the Plan. The Funding Agent may be either Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Principal Trust Company, or another entity, which we agree to treat as Funding Agent under this Agreement.

**“IRC”** means the Internal Revenue Code of 1986, as amended.

**“Investment”** means (i) anything an Account may hold under the Plan Document and applicable law (ii) with respect to which we agree to provide Services.

**“Major Business Change”** means:

- a change in the structure or operations of either the Plan or an entity either that sponsors the Plan or employs Participants, if we determine the change would have a material impact on the structure, nature, or operations of the Plan, including changes to cash flow or investment operations or options, or
- our discovery of meaningful differences with regard to
  - data related to the Plan that was provided to us prior to the end of the transition period and data that we receive following the end of the transition period or
  - the amount of Plan assets we expected to be transferred into Investments before the end of the transition period and the amount of Plan assets actually transferred into Investments at the end of the transition period.

For the purposes of this Agreement, the transition period ends on the later of

- our receipt of all data that we need to begin to perform Services without need for additional data or
- you give us Notice that there are no more Plan assets to be transferred into Investments.

Major Business Changes may include; a change of Plan type, Plan or annuity contract termination or spin-off; Plan mergers/spin-offs, a greater than 25% change in the value of the Plan assets or the number of Participants, a change in Acknowledgement of Compensation and Contract Information; and adding or removing Investment options

**“Notice,”** “Notify” and “Notification” means a written communication, facsimile transmission, telephone, or electronic transmission in a form, and to any address, e-mail address, or fax or telephone number that the Parties agree to in advance. Notice may be between the Parties or between us and a Participant (as allowed under the Plan Document). A communication to us must be sufficiently clear and complete so that we can use it without requesting further data or instruction in order to be a Notice. We may not, and are forbidden to, take any action based on any form of communication other than either a Notice or a form of legal compulsion, including a subpoena.

The Parties may agree to security procedures for Notices and will treat such procedures as strictly confidential, making them known only to their employees that need to know.

**“Participant”** means a person who is, or may become by the operation of the Plan, entitled to benefits under the Plan. Participant will also include the term “Member”.

**“Participant-level Information”** means specific and confidential information relating to individual Participants and/or beneficiaries such as, but not limited to, personal investment account balances, dates of birth, dates of employment, social security numbers, and Participant compensation amounts.

**“Plan”** means the Community Development Commission of the County of Los Angeles 457 Deferred Compensation Plan and Trust.

**“Plan-level Information”** means general information relating to the overall Plan such as, but not limited to, aggregate account or fund balances, employer data, Plan provisions, and other documents not containing confidential Participant data.

**“Plan Document”** means the document(s) under which the Plan is established and maintained.

**“Plan Entity”** means the Plan, any trust, contract, or custodial arrangement funding the Plan (or the trustee of custodian in connection with those arrangements) either singly or in any combination.

**“Successor”** means any trustee, custodian, or insurance company (other than us, an affiliated company, or any entity retained by the Funding Agent in furtherance of its services) to whom a Transfer is to be made and who may lawfully receive such Transfer.

**“Services”** means the services specifically set out and described in this Agreement.

**“Transfer”** means a transfer of, or the act of transferring, cash described in “Transfers” under “General Provisions.

## ARTICLE VI -- DISPUTE RESOLUTION

**\*Procedures.** If the Parties have a dispute regarding this Agreement, any rights, duties, or obligations granted or arising under this Agreement, or any transaction made under this Agreement, they will try in good faith to resolve all such disputes through negotiation or mediation. If the Parties do not resolve their differences that way, they will do so through arbitration. Arbitration will be handled under the following rules and procedures.

Any dispute that does not involve activities regulated by securities laws will be submitted to arbitration conducted before the American Arbitration Association. The arbitration will be and in accordance with that organization's rules and subject to the points below.

If, however, the dispute involves activities regulated by securities laws, the dispute will be submitted to arbitration conducted before the National Association of Securities Dealers, Inc. The arbitration will be and in accordance with that organization's rules and subject to the first two points below.

- The results of an arbitration are final and binding.
- Any and all right to seek remedies in court, including the right to a jury trial, are expressly waived. It is specifically agreed that if negotiation and mediation are not successful, arbitration done in accordance with this Agreement will be the exclusive method to resolve disputes described above and provide appropriate remedies.
- The arbitrators' decision is not required to include factual findings or legal reasoning. The arbitrators may consider, in reaching their decision, the course of dealings between the Parties.
- The site of the arbitration will be in the capital city of the State, unless the Parties agree to another location.
- The rules of procedure not expressly provided for by the rules of the State will be augmented by the rules of the American Arbitration Association or a similar organization to the extent necessary.
- Any dispute arising regarding procedures or rules of an arbitration will be settled exclusively by the arbitrators.
- Any award rendered in any arbitration will be binding and enforceable. Judgement on any award or other remedy given by the arbitrators may be rendered in any court of the State or any court of the United States sitting in the State. The Parties agree to accept the jurisdiction of such courts and service of process. Any objection to the jurisdiction of any such court is expressly waived.

## **PRINCIPAL TRUST COMPANY DIRECTED GOVERNMENTAL TRUST AGREEMENT**

This Agreement is made by and between the undersigned Employer and Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Principal Trust Company. The Employer has adopted a Plan for the benefit of its employees. Any change to the name of the Plan shall not affect this Agreement.

The Employer and the Trustee mutually agree as follows:

### **SECTION .01 – DEFINITIONS.**

For the purposes of this Agreement, capitalized terms in this Agreement shall have the meaning set out in this Section unless otherwise clearly required by context.

"Account" shall mean, with regard to each Participant, the portion of the Trust Fund that is attributable to that Participant.

"Annuity Contract" shall mean an individual or group annuity contract issued by an insurer to the Trustee for the purpose of funding annuity benefits under the Plan.

"Beneficiary" shall mean the person or persons named by a Participant to receive any benefits under the Plan when the Participant dies.

"Contributions" shall mean (i) the amounts described in the Plan Documents allowable as contributions to the Plan (ii) that are forwarded to the Trustee to be held and invested in the Trust as set forth herein.

"Employer" shall mean the employer identified in Exhibit A.

"IRC" shall mean the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any successor law.

"Insurer" shall mean an insurance company that issues a policy or contract with regard to the Plan and which policy or contract is held in the Trust.

"Participant" shall mean an individual that participates in the Plan with respect to whom there is an Account, as defined in this Agreement.

"Plan" shall mean the plan identified in Exhibit A.

"Plan Administrator" shall mean the person or other entity designated as such in the Plan Documents. The Employer shall give the Trustee notice of the identity of the Plan Administrator and of any replacement of the Plan Administrator. The Trustee shall not be designated as Plan Administrator and any attempt to do so shall be void and of no effect.

"Plan Documents" shall mean the documents under which the Plan is established and maintained.

"Plan Year" shall mean the plan year defined in the Plan Documents. The Employer shall give the Trustee notice of such definition and any changes to it.

"Successor Trustee" shall mean a trustee appointed by the Employer under §.03 of this Agreement to succeed the Trustee.

"Trust" shall mean the directed trust established as set forth in this document.

"Trust Fund" shall mean the Trust Fund described in §.02.

"Trustee" shall mean Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Principal Trust Company.

## **SECTION .02 – THE TRUST AND TRUST FUND.**

By signing this Agreement, the Employer establishes the Trust to hold and distribute the Trust Fund in accordance with the provisions of the Plan Documents. The laws of the State of Delaware shall govern, control, and determine all questions arising with respect to a Trustee acting pursuant to the provisions of this Agreement, including the validity of its provisions. This Agreement shall be interpreted in a manner consistent with the intent to satisfy the relevant provisions of IRC §401(a) and such other provisions of the IRC that apply to the Plan.

The Trust Fund consists of the assets held at any time, and from time to time, by the Trustee under the Trust (directly or indirectly by a custodian, transfer agent, broker/dealer, or other entity subject to a proper arrangement with the Trustee) and shall consist of contributions and other Plan assets received by the Trustee and all investments, and the proceeds thereof, attributable to those contributions and assets. The Trust Fund shall include only those assets that the Trustee accepts and which are actually received by the Trustee. The Trust Fund shall be valued at current fair market value as of the last day of the Plan Year and, at the direction of the Employer, may be valued more frequently. The valuation shall take into consideration investment earnings credited, expenses charged, payments made, and changes in the values of the assets held in the Trust Fund. The Account of a Participant shall be credited with its share of the gains and losses of the Trust Fund. That part of a Participant's Account invested in a funding arrangement or other investment vehicle which establishes an account or accounts for such Participant there under shall be credited with the gains or losses from such account or accounts. That part of a Participant's Account which is invested in other funding arrangements or other investment vehicles shall be credited with a proportionate share of the gains or losses of such investments. The share shall be determined by multiplying the gain or loss of the investment by the ratio of (i) the part of the Participant's Account invested in such funding arrangement or other investment vehicle to (ii) the total of the Trust Fund invested in such funding arrangement or other investment vehicle.

The corpus or income of the Trust Fund shall not be used for, or diverted to, purposes other than for the exclusive benefit of the Participants or their Beneficiaries under the Plan.

## **SECTION .03 – THE TRUSTEE.**

The Trustee accepts this appointment by executing this Agreement.

The Employer may remove the Trustee upon thirty (30) days prior notice. The Trustee may resign at any time upon thirty (30) days notice to the Employer, or, with the consent of the Employer, the Trustee may resign with less than thirty (30) days prior notice. Upon such removal or resignation of the Trustee, the Employer shall appoint a Successor Trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder. The Successor Trustee must accept such appointment in writing for the appointment to become valid, at which point only will the Trustee's appointment as such be considered to have terminated and the Successor Trustee shall become the Trustee under this Agreement.

If the Successor Trustee fails to accept the appointment, or if the Employer fails to appoint a Successor Trustee within thirty (30) days of the resignation or removal of the Trustee, the Trustee will find a successor trustee. The cost to appoint a successor trustee shall be deducted from the Trust Fund.

When appointment has been accepted, or deemed accepted, by a Successor Trustee, the removed or resigning Trustee must assign, transfer, pay over, and deliver to the Successor Trustee all of the Trust Fund, less any unpaid fees or expenses, and such relevant records as the Trustee may possess. No Successor Trustee shall be obliged to examine the accounts, records, and acts of any previous Trustee or Trustees, and such Successor Trustee in no way or manner shall be responsible for any action or omission to act on the part of any previous Trustee.

The Employer shall notify the Insurer of any change of Trustee.

## **SECTION .04 – DUTIES OF THE TRUSTEE.**

The Trustee shall accept Contributions and other Plan assets forwarded to the Trustee to be held in the Trust and shall hold the Trust Fund and administer it according to the provisions of the Plan and this Agreement. The Trustee has no duty to demand or require that Contributions be made to the Trust, nor shall the Trustee be liable to determine the amount of

any Contributions to the Trust or the adequacy of such Contributions to meet or discharge any liabilities of the Employer or the Plan.

The Plan Administrator administers the Plan. The Trustee is not responsible for any aspect of its administration. The Trustee is not required to look into any action taken by the Employer, the Plan Administrator or a Participant and will be fully protected in taking, permitting, or omitting any action on the basis of their instructions or direction. Any instructions, notice, or direction by the Employer, the Plan Administrator, or a Participant, given in accordance with the provisions of the Plan Documents shall be given or made as described in this Agreement; any attempted instruction, direction, or notice made in any other format shall be void and of no effect and the Trustee shall not act on such.

#### **SECTION .05 – DIRECTED POWERS OF THE TRUSTEE.**

The Trustee shall have the following powers with respect to the Trust Fund as appropriate under this Agreement and subject to direction or instruction by the Employer, the Plan Administrator, or Participant, as appropriate under the Plan Documents. The Trustee shall have the power:

- a) to receive and hold Contributions and other Plan assets forwarded to it under this Agreement and to invest the Trust Fund in one or more of the following classes of assets as directed by the Employer, the Plan Administrator, or a Participant.
  - 1) custodial arrangements;
  - 2) cash or other short-term investments including money market funds;
  - 3) Annuity Contracts with the Insurer which provide for either guaranteed benefits or the investment of Plan assets in one or more separate accounts maintained by the Insurer, or both;
  - 4) exchange traded debt and equity securities, mutual fund shares; and
  - 5) such assets, securities, or investment options as may be necessary to effectuate the purpose of this Trust.
- b) to vote on all matters as directed by the Employer or Participant pertaining to all securities and mutual funds held in the Trust Fund (other than securities held in a self-directed brokerage account). If the Trustee receives partial directions on how to vote securities or mutual fund shares, the Trustee shall vote such securities or mutual fund shares in the same proportion as the directions it has received for the same securities or mutual fund shares in the Trust Fund. The Trustee shall not vote any securities or mutual fund shares if it does not receive any timely direction or instruction on how to vote;
- c) if securities are held in a custodial arrangement, the Trustee shall inform the custodian of such custodial arrangement of the voting directions the Trustee has received and identify the securities with respect to which the Trustee has received partial or no direction or instruction. Those securities shall then be voted in accordance with the documents governing the custodial account;
- d) to open such brokerage accounts with a broker/dealer on behalf of the Trust, as may be necessary to effect transactions in securities held in the Trust Fund; and
- e) to vote and tender securities held in a self-directed brokerage account in the manner described in the Plan and any applicable brokerage account agreements.

#### **SECTION .06 – COMPLEMENTARY POWERS OF THE TRUSTEE.**

In exercising its powers under §.05 of this Agreement and discharging its duties generally under this Agreement, the Trustee shall have the following powers with respect to the Trust Fund:

- a) to employ, and pay reasonable compensation to, agents, brokers, broker/dealers, attorneys, accountants, custodians, or other persons, whose advice or services the Trustee may deem necessary in carrying out its duties and

powers under this Agreement; provided, however, the employment of any such person or entity shall not diminish or relieve Trustee's fiduciary duties and responsibilities under this Agreement in any way;

- b) to make, execute, acknowledge, and deliver any instruments that may be necessary to carry out the powers granted it, including custodial agreements;
- c) to consult with legal counsel, including the Employer's counsel, with respect to the meaning or construction of, or the Trustee's obligations or duties under, the Plan Documents, and Trust, or with respect to any action or proceeding or any question of law. The Trustee shall be fully protected with respect to any action it takes in good faith pursuant to the advice of such counsel;
- d) to enforce any right, obligation, or claim and, in its absolute discretion, to protect in any way the interest of the Trust Fund and, if the Trustee considers such action for the best interests of the Trust Fund, to abstain from the enforcement of any right, obligation, or claim and to abandon any property which it has held;
- e) to institute, maintain, or defend any litigation necessary in connection with the administration of the Trust, provided the Trustee shall be under no duty or obligation to do so unless it shall be indemnified to its satisfaction against all expenses and liabilities which it may sustain or be paid reasonable compensation for its own extraordinary services in connection therewith;
- f) hold assets in the Trustee's name or in the name of a nominee and to cause assets to be held by such custodian, transfer agent, broker/dealer, or other party as appropriate to carrying out the Trustee's duties under this Agreement;
- g) to do all things necessary, in the Trustee's judgement, for the proper performance of the Trustee's duties under this Agreement;
- h) to make appropriate custodial arrangements with a benefits paying agent for the payment of benefits under the Plan.

#### **SECTION .07 – EXPENSES.**

The Trustee shall be reimbursed by the Employer for all expenses incurred by the Trustee in exercising its powers and carrying out its duties under this Agreement and for such reasonable compensation for the Trustee as may be agreed upon from time to time by the Employer and the Trustee. If, and to the extent, the Employer does not timely pay such expenses and compensation, they shall be paid from the Trust Fund, either as directed by the Employer or the Plan Administrator, as appropriate in accordance with the Plan Documents or pro rata with respect to each of the investments of each Participant's Account, and within the Participant's Account, pro rata with regard to the securities, mutual fund shares or other investments attributable to that Participant's Account including investments in custodial arrangements. The Trustee may also pay other expenses of the Plan, as directed by the Employer or the Plan Administrator from the Trust Fund in the same manner as described above. The Trustee is hereby authorized to collect expenses and compensation as described above.

#### **SECTION .08 – ACCOUNTING.**

The Trustee or its designee shall maintain true and accurate records and accounts reflecting all receipts and disbursements of the Trust Fund and containing a description of all Trust Fund assets held hereunder. These records will be open, at the Trustee's regular place of business, to inspection and audit by the Employer or the Plan Administrator at all reasonable times.

Writing (handwriting, typing, printing), photostating, photographing, microfilming, magnetic impulse, mechanical or electrical recording, or other forms of data compilation shall be acceptable means of keeping records.

The Trustee or its designee shall file all reports, returns, and information required to be filed by Trustees under the IRC and regulations and rulings issued under the IRC.



The Trustee or its designee shall file with the Employer an accounting of its transactions as soon as practical after the first day of each Plan Year or any other date specified. Any such report or accounting is open to inspection by the Plan Administrator or a Participant for a period of ninety (90) days following the date it is filed. At the end of the ninety-day period, the Trustee is released and discharged as to any matters set forth in the report or account, except with respect to any act or omission as to which a Participant, the Employer or the Plan Administrator has filed a written objection within the ninety-day period.

In preparing its reports, the Trustee shall be permitted to rely upon, and deem accurate without the need for independent verification, reports furnished to the Employer, Plan Administrator, or Trustee by the Insurer and any investment fund or custodian.

#### **SECTION .09 – AMENDMENT.**

The Employer and the Trustee jointly reserve the right to amend this Agreement by written instrument executed by both parties at any time upon terms mutually acceptable, and effective as agreed by the Employer and the Trustee.

The Trustee may amend this Agreement (including any Exhibits) at any time by written instrument, provided that such amendment is, in the Trustee's opinion, required by applicable law or regulations. Copies of the amended Agreement shall be sent to the Employer by the Trustee or its designee no less than sixty (60) days prior to the effective date of such change set out in the amended Agreement (which shall be effective irrespective of when or whether such copy is received by the Employer).

No amendment described in this §.09 shall permit any part of the corpus or income of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants, retired Participants or their Beneficiaries.

#### **SECTION .10 – TERMINATION.**

The Employer reserves the right to terminate this Agreement by a written instrument delivered to the Trustee. If the Employer does not direct the transfer of the remainder of the assets of the Trust Fund to a person or institution authorized in writing by the Employer to receive such assets or the Trustee is not informed of the identity of any such person, the Trustee shall seek appointment of an appropriate recipient. The Trustee shall be paid all reasonable expenses incurred in doing so.

In the event of the termination of the Trust on account of termination of the Plan, the assets of the Trust Fund shall be applied to provide the benefits specified in the Plan upon termination of the Plan.

#### **SECTION .11 – INSURER.**

With regard to any portion of the assets of the Trust Fund consisting of Annuity Contracts issued by an Insurer, such Insurer shall in no event be deemed to be a party to this Trust or to be responsible for its validity. The obligations and responsibilities of the Insurer shall be measured and determined solely by the terms of the Annuity Contract and it shall not be required to do any act not provided in, or any act contrary to, the provisions of such Annuity Contract.

The Insurer shall not be required to look into the terms of this Agreement or question any action of the Trustee, nor shall it be responsible to see that any action of the Trustee is authorized. The Insurer shall act only upon the direction of the Trustee and shall be fully discharged from any and all liability for any amount paid to the Trustee or paid in accordance with the direction of the Trustee or for any change made, or action taken, upon such direction and shall not be obligated to see that any money paid by it to the Trustee or to any person shall be properly distributed or applied. Any instrument executed by the Trustee may be treated as conclusive.

All notices, proposed contract amendments, rate or fee changes, or other communications regarding any Annuity Contracts that may be held hereunder will be sent directly by the issuer of the Annuity Contract to the Employer, and the Trustee shall not take any action with respect to any such notice, proposed amendment, change, or other communication unless the Trustee receives appropriate written direction from the Employer. Any rights of a contract holder under any such Annuity Contract, including rights to discontinue, amend, or otherwise modify the Annuity Contract shall be exercised only upon the specific written direction of the Employer.

## **SECTION .12 – LIMITATION ON RIGHTS AND REMEDIES.**

In any action or proceeding involving the Trust Fund, or the administration of the Trust Fund, only the Trustee and the Employer shall be the necessary parties. Unless otherwise ordered by the court entertaining jurisdiction thereof, no other person having or claiming to have an interest in the Trust Fund shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceeding shall be conclusive upon all persons claiming under this Agreement.

## **SECTION .13 – LIMITATION OF TRUSTEE'S LIABILITY.**

a) Any direction, instruction, or notice by the Trustee or to the Trustee by a Participant, the Employer, the Plan Administrator, the Insurer, or other person pursuant to any of the provisions of this Plan and Trust shall be in writing and delivered by regular mail, and shall be effective only upon actual receipt. The Employer and the Trustee may agree in writing that any such direction, instruction, or notice may be given by alternative methods, including facsimile transmission, telephone, or electronic transmission to any e-mail address or fax or telephone number and shall, with regard to such alternate means of giving any such direction, instruction, or notice, provide for the use of identifying numbers or procedures that must be followed with regard to the giving of any such direction, instruction, or notice. The Employer shall inform the Plan Administrator, Participants, the Insurer or other person pursuant to any of the provisions of this Plan and Trust of such agreed upon alternative methods. The Trustee shall not be under any duty or obligation to act on any notice, instruction, or direction received in a form other than those agreed upon between the Employer and the Trustee. The Trustee may absolutely rely upon any and all such directions, instructions, or notices reasonably believed by it to be genuine and shall be fully protected in acting in accordance therewith. The Employer agrees to indemnify and hold the Trustee harmless against any loss, cost, claim damage, expense, and liability (including attorney's fees) and other costs it may incur in acting upon such directions, instructions, or notices. Except for the Trustee's own negligence, the Trustee shall incur no liability for any act or failure to act pursuant to this Agreement.

b) The Trustee is not liable for the acts or omissions of the Employer, the Plan Administrator, Participants, or the Insurer.

c) The Trustee may assume that the Employer, the Plan Administrator, Participants, and the Insurer are appropriately discharging their duties under the Plan Documents and this Agreement unless and until it is notified to the contrary in writing by any person known to the Trustee to be the Employer, the Plan Administrator, Participants, the Insurer or a governmental agency with jurisdiction. In the event the Trustee receives said written notice, then the Trustee shall take any actions it deems appropriate, including, if the Trustee so desires, applying to a court of competent jurisdiction and/or Federal regulatory authorities for guidance with respect to disposition of the Trust Fund.

d) The Trustee shall have no responsibility for the management and control of the Trust Fund beyond implementation of directions, instructions, or notices received by the Trustee in accordance with this Agreement, it being contemplated that all Plan assets will be under the control or direction of the Insurer or subject to Participant, Employer, Plan Administrator direction.

e) The duties and responsibilities of the Trustee shall be limited to those set forth in this Agreement and nothing contained in this Agreement shall be deemed, either expressly or by implication, to impose any additional duties, powers, or responsibilities on the Trustee.

## **SECTION .14 – MISCELLANEOUS.**

a) Third Parties Dealing with Trustee. To the extent permitted by law, no person shall be obliged to see to the application of any money paid or property delivered to the Trustee, nor shall any such person be required to take cognizance of the provisions of this Agreement. In general, each person dealing with the Trustee may act upon any advice, request, or representation in writing by the Trustee, or the Trustee's duly authorized agent, and shall not be liable to any person in so doing except for the person's gross negligence.

b) Certificate of Authority from Third Parties. The Trustee may require delivery to it of a copy of any certificate, notice, or other instrument or information believed by it to be necessary to perform its duties hereunder and may rely and

act upon the basis of any such certificate, notice, instrument, or other information furnished to the Trustee which it believes to be reliable and to have been signed, made, or presented by the proper party or parties.

c) No Liability for Actions of Employer and Plan Administrator. To the extent permitted by law, the Trustee shall not be responsible for any act or omission of the Employer, the Plan Administrator, or the Participants. The Trustee shall be under no duty to inquire into any rule, regulation, instruction, direction, or order purporting to have been issued by the Employer, the Plan Administrator, or the Participants.

d) Other. Notwithstanding anything else in this Agreement, the Trustee has the right, but not the obligation, to seek guidance from a court of competent jurisdiction or Federal regulatory authorities with respect to the handling and disposition of the Trust Fund.

e) Assignment or Alienation. No interest under this Trust may be alienated, anticipated, encumbered or assigned, voluntarily or involuntarily and any such attempted assignment, alienation, anticipation, or encumbrance shall be void and of no effect. The preceding sentence shall not apply to a domestic relations order

f) No Reversion. Except as may be specifically permitted by the Plan Documents, under no circumstances shall any asset held in the Trust Fund or any Contributions made to the Trust ever revert to or be used or enjoyed by the Employer or used for any other purpose than the funding or provision of benefits to eligible Participants or their Beneficiaries or the satisfaction of other lawful obligations of the Plan prior to the satisfaction of all liabilities under the Plan. The Trustee shall be under no obligation to return any asset of the Trust Fund to the Employer, unless the Trustee has received written certification from the Employer that all Plan liabilities have been satisfied and that the Plan has been terminated and is in accord with the provisions of the Plan Documents. The Trustee may rely completely on such written certification.

g) Construction. This Agreement shall be interpreted in a manner consistent with the requirements of IRC §401(a), so that the Trust remains tax exempt under IRC §501. If the terms of this Agreement conflict with relevant terms of the IRC, or Delaware law, the requirements of those laws shall be deemed to be part of this Agreement and shall supersede any other provision in this Trust Document that is to the contrary. This Agreement shall be construed as though jointly drafted by the Trustee and the Employer and according to the fair intent of the language as a whole and not for or against anyone. The term "including" shall be construed providing examples only and as being without limitation.

h) Authority of Individuals. Each individual signing this Agreement represents and warrants that she or he has, individually or in concert with the other persons signing this Agreement on behalf of the same entity, the authority to sign this Agreement and thereby bind that entity to the terms and conditions of this Agreement.

## **SECTION .15 – EXECUTION.**

This Agreement may be executed in counterparts, each of which shall be deemed an original.

## **SECTION .16 – WAIVER.**

It is understood and agreed that no failure or delay to exercise, nor any single or partial exercise of, any right, power, or privilege given or arising under this Agreement shall operate as a waiver of future rights to exercise any such right, power, or privilege.

## **SECTION .17 – CHANGE IN PLAN TERMS.**

Changes to the Plan Documents or the operation of the Plan shall not serve to increase or decrease the responsibility, duties, or obligations of the Trustee under this Agreement. The Trustee and the Employer may negotiate and make any changes to this Agreement that appropriately reflect such changes. Absent such negotiated changes, the Trustee shall be obligated to no more than continued performance under this Agreement as if the changes to the Plan Documents had not occurred.

IN WITNESS WHEREOF, the undersigned have executed this Agreement to be effective as of the date both the Employer and the Trustee have both signed this Agreement.

FOR THE EMPLOYER

Employer

Name: Community Development Commission of the County of Los Angeles

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

The undersigned hereby accepts appointment as Trustee hereunder and agrees to be bound by the terms of this Agreement.

ACCEPTANCE OF THE TRUSTEE

DELAWARE CHARTER GUARANTEE & TRUST COMPANY,

a Delaware corporation conducting business

under the trade name of Principal Trust Company

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date \_\_\_\_\_

Exhibit A

Name of Employer Community Development Commission of the County of Los Angeles

Name of Plan Community Development Commission of the County of Los Angeles 457 Deferred Compensation Plan



Mailing Address:  
Des Moines, IA 50392-0470

Principal Life  
Insurance Company

**Acknowledgment of  
Compensation and  
Contract Information**  
**FIA – Deposit/Asset 100/25 H**

Name of Soliciting Agent(s)

Vince Giovinazzo

Agent(s) or Firm to receive compensation

Vince Giovinazzo

Address

12626 High Bluff Drive, Suite 300 San Diego, CA 92130

**The type of Principal Life Insurance Company Group Annuity contract(s) under consideration is a Flexible Investment Annuity (FIA).**

**Please mark one of the marketer types in (a) through (g). If you are a Registered Representative, please mark (h). The soliciting agent is affiliated with Principal Life Insurance Company, herein called, The Principal®, as:**

- a) ☒ Broker e) ☐ Stockbroker h) ☒ Registered Representative of (mark one below)  
b) ☐ Agent f) ☐ RIA ☐ Princor Financial Services Corporation  
c) ☐ Full-time agent of The Principal g) ☐ IAR ☒ Other Broker/Dealer (Name: Financial Telesis, Inc.)  
d) ☐ CPA

The soliciting agent isn't limited by any agreement with The Principal in the contracts he or she can recommend for purchase, except that full-time agents of The Principal must – only on individual policies of life insurance – give The Principal first opportunity to offer a policy. Registered Representatives may be limited by their agreement with their broker/dealer in their ability to offer alternative contracts.

#### COMMISSION SCHEDULES

<u>Schedule A</u>			<u>Schedule B</u>		<u>Schedule C</u>	
					Immediate	Commission
<u>First Year Contributions</u>		<u>Commission Rate</u>	<u>Assets</u>	<u>Commission Rate</u>	<u>Annuity Premiums</u>	<u>Rate</u>
The first	\$10,000,000	0.50 %	All	0.20 %	The first	\$50,000 3.00 %
Excess over	10,000,000	0.50			The next	50,000 2.00
					The next	400,000 1.00
					The next	2,500,000 0.50
					Excess over	3,000,000 0.25

The amount of commissions to be paid by The Principal as a percentage of First Year Contributions to the contract(s) under consideration will not be greater than an amount determined from Schedule A.

The amount of commissions may be reduced if The Principal has issued or issues an Associated or Companion Contract to the Contractholder.

After the First Year, the amount of commissions to be paid by The Principal will be calculated by using one fourth of the rate in Schedule B and applying it to the Asset Ending Balance under the contract(s).

An annual service fee of 0.05% will be paid the First Year a member elects to move vested account assets to a Full Flexibility Installment Option. Special incentive amounts may be paid to certain agents based on the number of sales and total contract assets. These fees and incentives will not be charged directly to the contract.

When participant accumulated assets are converted to immediate annuity income, commissions as a percentage of premium will be paid according to Schedule C. Reimbursement to The Principal for this commission will be included in the annuity purchase rates.

A service fee will be paid on Russell LifePoints® Funds, Access Funds, and/or Brokerage Account assets outside the Group Annuity Contract for which The Principal provides recordkeeping and other services. The service fee for Russell LifePoints Funds and/or Access Funds will be included in the total expenses. The service fee for Brokerage Account assets will be included in the asset based Brokerage Account fee. We will apply one fourth of the annual service fee rate shown below to the Russell LifePoints Funds, Access Funds, and/or Brokerage Account assets at the end of each Deposit-Year quarter.

Russell LifePoints Funds, Access Funds, and/or  
Brokerage Account Asset Ending Balance  
All Assets

Annual Service Fee Rate  
0.20%

I acknowledge receipt of this informational sheet given to me by the soliciting agent. I have received it before making (or before others under my direction make) application for the contract(s) under consideration. I understand that application for the contract(s) is my approval that the soliciting agent arrange the purchase of the contract(s) from The Principal and receive compensation. I am not receiving for my personal account any compensation or other consideration - directly or indirectly - from anyone dealing with the plan in connection with this purchase of contract(s).

**I also acknowledge I have been given the written Description of the Flexible Investment Annuity (FIA) contract(s).**

Signature (of person signing for the Employee Benefit Plan)

Date Signed

Typed or Printed Name of Person Signing

Title

Name of Employee Benefit Plan (need not be formal name - just so it identifies plan)

Community Development Commission of the County of Los Angeles 457 Deferred Compensation Plan

**IN THIS ACKNOWLEDGMENT**

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First Year.....	means a period beginning with the effective date of the contract and ending no later than the day before the first anniversary of the date the contract became effective.
First Year Contribution.....	means outside prior retirement funds and new plan deposits as determined and received by us during the First Year. These amounts will include plan assets invested in the Principal Stable Value Fund (where necessary, the value of assets other than cash will be the market value assigned to those by Union Bond & Trust Company, as Trustee of the Principal Stable Value Fund or its successor as Trustee). Excluded are matured amounts reinvested under the contract, forfeitures that may be reallocated or used to offset Contributions, and assets transferred within The Principal.
Deposit Year .....	means the year an employer chooses as the 12-month period for plan deposits. Expenses are based on Deposit Years.
Asset Ending Balance .....	means the total value of the contract as determined by The Principal with regard to each Deposit Year quarter.

**Calculation Examples:**

Standard calculation example:

The contract is effective January 1<sup>st</sup>. Schedule A commission calculation will be based on First Year Contributions received between January 1<sup>st</sup> and December 31<sup>st</sup> of that year. Effective January 1<sup>st</sup> of the second year and for all following years in which the contract is in effect, commission calculation will be based on Asset Ending Balance.

Non-standard calculation example:

The contract is effective May 31, 2001. The second Deposit Year begins on January 1, 2002. Commissions payable in the First Year will be based on First Year Contributions received between May 31, 2001 and April 30, 2002. Effective April 1, 2002 asset based commissions will be calculated using the Asset Ending Balance for June 30, 2002. Future quarters shall be calculated and paid in accordance with the standard calculation example.



**Principal Life Insurance Company**  
Des Moines, IA 50392-0001  
1-800-986-3343  
www.principal.com  
A member of the Principal Financial Group®

## ***Rollover IRA Agreement for Mandatory Distributions***

### ***General Information***

This Rollover IRA Agreement for Mandatory Distributions (this "Agreement") is between the undersigned Plan Fiduciary ("you", "your") and Principal Bank, a federal savings bank ("we", "us", "our"). You and we are the "Parties" to this Agreement. Each of the Parties may be referred to separately as a "Party". This agreement is effective on the date you sign it.

The Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") requires that mandatory distributions greater than \$1,000 be automatically rolled to an individual retirement account (an "IRA"), unless the participant elects otherwise. The final Department of Labor ("DOL") regulations issued in September 2004 require plan fiduciaries to establish a written agreement with an individual retirement plan provider to receive the rollover funds. With this written agreement you hereby select Principal Bank as the IRA provider for the Plan named below (the "Plan").

### ***Investment of rollover funds***

The mandatory distributions shall be invested in Principal Bank Safe Harbor IRAs (each a "Principal Bank IRA") designed to preserve principal and provide liquidity. The deposit investment we offer pursuant to this Agreement is a savings account. The Principal Bank IRA is not, and cannot be, a self-directed IRA. Distributions must be in the form of cash only. Distributions or IRA assets in the form of non-deposit investments such as property, annuities, stocks, bonds and government, municipal or United States Treasury securities will not be accepted. Upon the transfer of a mandatory distribution to us on behalf of any participant, the participant will become the owner of the Principal Bank IRA and all rights and privileges of said participant will be governed by the Traditional Individual Retirement Custodial Account Custodial Booklet, the Terms and Conditions, the Schedule of Fees and the Truth-In-Savings Disclosure for the Principal Bank IRA, all which may be amended by us from time to time (collectively, the "Disclosure Documents").

### ***Fees and expenses of rollover funds***

Fees and expenses assessed against the Principal Bank IRAs shall not exceed the amounts charged by us for comparable IRAs established with us for distributions other than automatic rollovers. Each owner of a Principal Bank IRA will be charged an annual custodial fee as described in the Disclosure Documents. Additional expenses, if any, are outlined in the Disclosure Documents.

### ***Designation of IRA Provider***

You hereby designate Principal Bank as the IRA provider for the automatic rollover of mandatory distributions greater than \$1,000 for the Plan. As provided by the DOL regulations, you may rely on this Agreement as meeting the safe harbor regulations. Your plan fiduciary responsibility with respect to a mandatory rollover ends when the funds are placed in a Principal Bank IRA pursuant to this Agreement. You hereby authorize the release of any and all information necessary to establish and maintain the Principal Bank IRAs for your plan participants. The transfer to us of any assets of the Plan from Principal Life Insurance Company to any other entity is dependent on information provided by you. We will not be responsible for the receipt and acceptance of plan assets or any improper performance of, or failure to perform, any service due, in whole or in part, to receipt of no, or incomplete or incorrect, data needed to perform.

### ***Status***

Nothing in this Agreement, nor in the opening of Principal Bank IRAs as contemplated by this Agreement, makes us a party to, or a fiduciary or administrator regarding, the Plan.

### ***Termination of this Agreement***

This Agreement may be terminated by either Party upon 30 days' written notice. In order to terminate this Agreement, you shall also provide 30 days' written notice to Principal Life Insurance Company. Any such termination shall have no effect on any Principal Bank IRAs established prior to the effective date of such termination.



## Dispute Resolution

If the Parties have a dispute regarding this Agreement, any rights, duties or obligations granted or arising under this Agreement, or any transaction made under this Agreement, they will try in good faith to resolve all such disputes through negotiation or mediation. If the Parties do not resolve their differences that way, they will do so through arbitration. All arbitration proceedings shall be conducted in accordance with the rules of the American Arbitration Association, subject to this Agreement. The results of an arbitration proceeding shall be final and binding. Any and all right to seek remedies in court, including the right to a jury trial, are expressly waived. It is specifically agreed that if negotiation and mediation are not successful, arbitration conducted in accordance with this Agreement shall be the exclusive method to resolve disputes and provide appropriate remedies. The site of the arbitration shall be the capital city of the State, unless the Parties agree to another location. Any award rendered in an arbitration proceeding shall be binding and enforceable. Judgment on any award or other remedy given by the arbitrators may be rendered in any court of the State or any court of the United States sitting in the State. The Parties agree to accept the jurisdiction of such courts and service of process. Any objection to the jurisdiction of any such court is expressly waived.

## Miscellaneous

This Agreement sets out the entire understanding of the Parties with respect to the matters described herein. It supercedes and cancels any and all prior agreements, understandings and representations between the Parties, whether written or oral, relating to these matters. Neither this Agreement nor any right, title, interest or performance with regard to this Agreement may be assigned without the written consent of the other Party. We may, however, assign our rights, duties and obligations under this Agreement to an affiliate without your consent. This Agreement may only be amended by the written agreement of both Parties. Notices provided under this Agreement must be in writing and may be provided via mail, overnight courier or facsimile to the addresses set forth below or such other addresses provided from time by the Parties.

## Signatures

IN WITNESS WHEREOF, the Parties hereby execute this Agreement as of the date first written above.

Plan Name		Contract Number/Plan ID
COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS		6-11758
Plan Fiduciary Printed Name	Plan Fiduciary Title	
Plan Fiduciary Signature	Date	
<b>X</b>		
Notice Information		
Telephone Number	FAX Number	State in which this Agreement is signed by you ("State")

On behalf of Principal Bank:

**X** *Barrie Christman*  
President and CEO

Notice Information	
Principal Bank 711 High Street Des Moines, IA 50392 Phone Number: (800) 672-3343 FAX Number: (515) 883-9158	Principal Life Insurance Company 711 High Street Des Moines, IA 50392 Telephone Number: (800) 543-4015

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) requires that mandatory distributions over \$1,000 be rolled into an IRA, unless the participant elects otherwise. Distributions less than \$1,000 can be automatically paid in cash.

On September 28, 2004, the Department of Labor (DOL) issued final regulations that give safe harbor rules plan sponsors can follow to meet the requirements. The automatic rollover rules apply to small amount distributions beginning March 28, 2005.

**What this means to you**

Because you maintain a custom plan document, you need to take the following four actions. Each is explained in more detail below.

- ☐ 1. Review your options and choose an IRA provider.
- ☐ 2. Review, sign, and send to us a Rollover IRA Agreement.
- ☐ 3. Review, sign, and promptly return the enclosed plan amendment to us.

☐ **1. Choose an IRA provider**

*Principal Bank Safe Harbor IRA<sup>SM</sup>*

We have a solution that meets the DOL safe harbor requirements and makes it easy for you to manage automatic rollovers. At Principal Bank the rollover IRA will be invested in a savings account that is insured by the FDIC. It will allow for a seamless transfer of funds, making it easy for you to manage automatic rollovers.

A Principal Bank Safe Harbor IRA offers your former participants a tax-sheltered vehicle that's flexible and easily transferable. Principal Bank offers 24/7 online banking, a competitive interest rate, 'round-the-clock telephone access to personal bankers, and a low cost. The IRA annual expense charge to participants is \$15.00.

For more information, including the most current interest rate on a Principal Bank Safe Harbor IRA, enter this URL in your Internet browser: <https://secure02.principal.com/bank/safeharbor>.

If your plan currently allows for automatic rollovers to Princor Financial Services Corporation, those retirement funds will remain at Princor<sup>®</sup>. However, Princor will not accept new rollovers after March 27, 2005.

*Choose a different provider for rollover amounts.*

You may choose an IRA provider outside the Principal Financial Group<sup>®</sup>. Please let us know if this is your decision and send us a copy of your IRA Agreement with the provider. We will need to work with you to obtain the information needed to process your future rollover distributions.

☐ **2. Sign a Rollover IRA Agreement**

An IRA agreement with Principal Bank and return envelope are included with this letter. If you choose Principal Bank as your IRA provider, please sign and return the agreement right away.

If you choose an IRA provider other than Principal Bank, disregard the enclosed agreement. Instead, send us a copy of your IRA Agreement with the alternate provider.

**IMPORTANT:** If we do not have a signed IRA agreement (either with us or another provider) on file by March 28, 2005, we will be unable to process small amount distributions from your plan.

☐ **3. Amendment to your plan document**

Your plan must be amended to allow for the automatic rollover of small amounts. Enclosed is the amendment draft for your careful review and signature. Please return a copy of the signed and dated amendment to me.

GOOD FAITH AMENDMENT TO COMPLY WITH CODE SECTION 401(a)(31)(B) AS  
AMENDED BY THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF  
2001 (EGTRRA)

This amendment of the Plan is adopted to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. This amendment shall be effective as of March 28, 2005. This amendment shall continue to apply to the Plan, including the Plan as later amended, until such provisions are integrated into the Plan or the good faith compliance EGTRRA amendment provisions are specifically amended.

This amendment shall supersede any previous good faith compliance EGTRRA amendment and the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

Plan Name: Community Development Commission of the County of Los Angeles Deferred Compensation Plan

The Plan named above gives the Employer the right to amend it at any time. According to that right, the Plan is amended as follows:

**AUTOMATIC ROLLOVERS**

In the event of a mandatory distribution greater than \$1,000 in accordance with the small amounts payment provisions of the SMALL AMOUNTS SECTION of Article X, if the Participant does not elect to have such distribution paid directly to an Eligible Retirement Plan specified by the Participant in a Direct Rollover or to receive the distribution directly in accordance with the DIRECT ROLLOVERS SECTION of Article X, then the Plan Administrator will pay the distribution in a Direct Rollover to an individual retirement plan designated by the Plan Administrator. In the event of any other small amounts payment to a Distributee in accordance with the small amounts payment provisions of the SMALL AMOUNTS SECTION of Article X, if the Distributee does not elect to have such distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover or to receive the distribution directly in accordance with the DIRECT ROLLOVERS SECTION of Article X, then the Plan Administrator will pay the distribution to the Distributee.

This amendment is made an integral part of the aforesaid Plan and is controlling over the terms of said Plan with respect to the particular items addressed expressly herein. All other provisions of the Plan remain unchanged and controlling.

Signing this amendment, the Employer, as plan sponsor, has made the decision to adopt this plan amendment. The Employer is acting in reliance on its own discretion and on the legal and tax advice of its own advisors, and not that of any member of the Principal Financial Group or any representative of a member company of the Principal Financial Group.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

For the Employer

By \_\_\_\_\_

\_\_\_\_\_  
Title

Subtype 110218

Group Annuity Contract No.: 6-11758

## DIRECTION TO TRUSTEE

This shall constitute direction to Delaware Charter Guarantee & Trust Company, a Delaware corporation conducting business under the trade name of Principal Trust Company to, solely in its capacity as Trustee under the Principal Trust Company Directed Trust Agreement, take action, as necessary, and to implement any agreements needed to make the following available under the Trust established under the Principal Trust Company Directed Trust Agreement. The undersigned Plan Representative, or, where the Plan Representative is not a natural person, the person signing on behalf of the Plan Representative, represents and warrants (i) that the Plan Representative is a Plan Administrator, Named Fiduciary, or Investment Manager with the ability to provide these directions and that (ii) he or she has the authority to sign this direction and that this direction is fully authorized and binding.

- ☒ Access Funds through the Principal Financial Group Electronic Linkage Group Custodial Agreement
- ☐ Principal Stable Value Fund
- ☐ Principal Self-Directed Brokerage Account
- ☐ Qualifying Employer Securities
- ☒ Participant Loans
- ☒ Flexible Investment Annuity (FIA-Full)
- ☐ Accumulation Group Annuity Contract (PRO)
- ☒ Group Annuity Contract - Custodial Guaranteed Fund Contract (Principal Fixed Income Option)

### PLAN REPRESENTATIVE

Name of Plan Community Development Commission  
of the County of Los Angeles  
457Deferred Compensation Plan

### ACCEPTED AND AGREED TO:

Delaware Charter Guarantee & Trust  
Company, conducting business under  
the trade name of Principal Trust Company

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_



March 24, 2005

MARGARITA HERRERA  
COMMUNITY DEVELOPMENT COMMISSION OF  
THE COUNTY OF LOS ANGELES  
2 CORAL CIRCLE  
MONTEREY PARK CA 91755

RE Community Development Commission County Of Los Angeles 457 Plan  
Annuity Contract No: 6-11758

Dear Ms. Herrera

The purpose of this letter is to confirm the investment options you have chosen for your retirement plan. Our understanding is that you have chosen the following:

<u>Sub Advisor</u>	<u>Investment Options</u>	<u>Rate/Share Class</u>
Principal Global Investors	Principal Fixed Income Option 401(a)/(k)	
Alliance Capital Management	Large-Cap Value Separate Account	Preferred
Principal Global Investors	Large-Cap Stock Index Separate Account	Preferred
T. Rowe Price Funds	Large-Cap Blend Separate Account	Preferred
Capital Research and Management Co.	American Funds Growth Fund of America	R3
Goldman Sachs Asset Management	Mid-Cap Value I Separate Account	Preferred
Principal Global Investors	Mid-Cap Stock Index Separate Account	Preferred
Mellon Equity	Mid-Cap Growth I Separate Account	Preferred
Dimensional Fund Advisors	Small-Cap Value II Separate Account	Preferred
Principal Global Investors	Small-Cap Stock Index Separate Account	Preferred
Mason Street Advisors, LLC	Mason Street Small Cap Stock	A Fund
Capital Research and Management Co.	American Funds New Perspective	R3
Capital Research and Management Co.	American Funds EuroPacific Growth	R3
Principal Global Investors	U.S. Property Separate Account	Preferred
Principal Global Investors	Principal LifeTime Strategic Income Separate Account	Preferred
Principal Global Investors	Principal LifeTime 2010 Separate Account	Preferred
Principal Global Investors	Principal LifeTime 2020 Separate Account	Preferred
Principal Global Investors	Principal LifeTime 2030 Separate Account	Preferred
Principal Global Investors	Principal LifeTime 2040 Separate Account	Preferred
Principal Global Investors	Principal LifeTime 2050 Separate	Preferred

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Securities are offered through Princor Financial Services Corporation, 800-247-4123, member SIPC. Princor and Principal Life are members of the Principal Financial Group, Des Moines, IA 50392. Must be preceded or accompanied by a prospectus.

Clnt Trns DM

Account

Capital Research and Management Co.	American Funds American Balanced	R3
Principal Global Investors	Bond and Mortgage Separate Account	Preferred

\*\*Principal Fixed Income Option is the Custodial Guaranteed Fund Group Annuity Contract available through Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, Iowa, 50392.

If applicable, you should have already received a copy of the current prospectus(es) which provide(s) a description of all fees and expenses applicable to the purchase of mutual fund shares. If you would like an additional copy of the current prospectus(es), please let me know.

Sincerely

Erin Fisher  
Client Transition Consultant  
Retirement and Investor Services  
Phone (515) 362-0037  
Fax (515) 248-3194  
fisher.erin@principal.com

cc Retirement Services Office - Orange  
Susan J. Bentley  
Retirement Services Office

The investments above are those that Community Development Commission of the County of Los Angeles has chosen for the Community Development Commission of the County of Los Angeles Deferred Compensation Plan.

Please indicate confirmation of this by signing below. Please fax to my attention at 515-248-2233 and mail original for our broker dealer files.

\_\_\_\_\_  
Employer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name and Title

Form PG3818

Approval #8464112006



## Investment Mapping Strategy

From (Current Investments)	Investment Category	To (New Investments)	Investment Category
Overseas Equity Index	Foreign Large Blend	American Funds EuroPacific Growth R3 Fund	International Stock
International	Foreign Large Blend	American Funds EuroPacific Growth R3 Fund	International Stock
Growth Fund	Large Growth	American Funds Growth Fund of America R3	Large Growth
American Century Ultra	Large Growth	American Funds Growth Fund of America R3	Large Growth
Equity Income	Large Value	Principal Partners Large Cap Value Separate Account	Large Value
Lord Abbett Large Value	Large Value	Principal Partners Large Cap Value Separate Account	Large Value
500 Stock Index	Large Blend	Principal Partners Large Cap Value Separate Account	Large Blend
Growth & Income	Large Blend	Principal Partners Large Cap Value Separate Account	Large Blend
Broad Market Index	Large Blend	Principal Partners Large Cap Value Separate Account	Large Blend
Fidelity Contrafund	Large Blend	Principal Partners Large Cap Value Separate Account	Large Blend
Fidelity Magellan	Large Blend	Principal Partners Large Cap Value Separate Account	Large Blend
Calvert Social Inv	Large Blend	Principal Partners Large Cap Value Separate Account	Large Blend
Aggressive Opportunity	Medium Growth	Principal Partners Mid Cap Growth I Separate Account	Medium Growth
American Century Value	Medium Value	Principal Partners Mid Cap Growth I Separate Account	Medium Value
Gabelli Value	Medium Blend	Principal Partners Mid Cap Growth I Separate Account	Medium Blend
Mid/Small Company Index	Medium Blend	Principal Partners Mid Cap Growth I Separate Account	Medium Blend
TRP Small Value	Small Value	Principal Partners Small Cap Value II Separate Account	Small Value
TRP Small Stock	Small Blend	Principal Partners Small Cap Value II Separate Account	Small Blend
Savings Oriented	Small Blend	Principal Partners Small Cap Value II Separate Account	Small Blend
Conservative Growth	Conservative Allocation	Principal Life Time 2010 Separate Account	Asset Allocation
Traditional Growth	Conservative Allocation	Principal Life Time 2020 Separate Account	Asset Allocation
Asset Allocation	Moderate Allocation	Principal Life Time 2030 Separate Account	Asset Allocation
Fidelity Puritan	Moderate Allocation	Principal Life Time 2020 Separate Account	Asset Allocation
Long Term Growth	Balanced	Principal Life Time 2040 Separate Account	Asset Allocation
All Equity Growth	Balanced	Principal Life Time 2050 Separate Account	Asset Allocation
PIMCO HY	High Yield Bond	Principal Life Time 2050 Separate Account	Asset Allocation
US Govt	Intermediate Term Govt	Principal Bond & Mortgage	Bond
Core Bond Index	Intermediate Term Bond	Principal Bond & Mortgage	Bond
PIMCO Total Return	Intermediate Term Bond	Principal Bond & Mortgage	Bond
Cash Management	Stable Value	Principal Fixed Income Option	Stable Value
PLUS Fund	Stable Value	Principal Fixed Income Option	Stable Value

## Other Investment Options

New Investments	Investment Category
American Funds New Perspective R3 Fund	World Stock
Mason Street Small Cap Growth A Fund	Small Growth
Principal U.S. Property Separate Account	Specialty - Real Estate
American Funds American Balanced R3 Fund	Balanced

assets transferred to Principal ("Plan Funds"). We direct that, on behalf of the plan sponsor/named fiduciary, the investment of all Plan Funds shall follow the above mapping plan. We understand that the plan participants will be responsible for rebalancing their participant accounts and/or redirecting their future contributions through the Principal interactive voice response system or The Principal Retirement Service Center® after the plan transfer is complete. If funds transfer for an investment not listed in this mapping strategy, I authorize The Principal to place those funds in the mapping default.

**For mapping purposes only, the current mapping default is the Principal Investors Lifetime Strategic Income Fund**

As the plan sponsor, we agree to provide all of our plan participants with at least 30 days notice (30 days prior to the black out beginning date) of the plan transfer and related mapping plan. This notice will provide participants with information concerning any black-out period (period of time where investment transactions will not be available because of plan transfer) and the mapping plan, including investment options and information as well as the opportunity for plan participants to rebalance their current investments and redirect future contributions prior to the plan transfer. Principal will provide us with sample notices. I understand that while Principal will assist us in this process, Principal does not have any discretionary authority regarding the plan transfer or related mapping process.

Agreed to:

Plan Sponsor/Named Fiduciary

Date

Product No./Plan I.D. No. 611758

Plan Name Community Development Commission of the County of Los Angeles 457 Deferred Compensation Plan

As an authorized officer of Community Development Commission County of Los Angeles (employer name), I authorize and direct Principal Life Insurance Company to process loan requests from all employees who are participants under the Plan according to the procedures outlined in this agreement. This is for the purpose of binding that company in both its non-fiduciary capacity as plan sponsor and its fiduciary capacity as Plan Administrator within the meaning of ERISA for the above referenced retirement plan. Once the participant accepts the loan terms through The Principal Retirement Service Center® (retirement service center), applicable fees will be assessed and are non-refundable.

Loans requested on the retirement service center will be taken proportionately from the participant's available investments. If the participant wants to specify investments or contributions from which to take the loan, we will prepare the Loan Application & Agreement and Truth-in-Lending Disclosure Statement and send Principal Life a completed Loan Payout Request form to process the loan payout.

Principal Life will process loans requested through the retirement service center. It isn't necessary for Principal Life to receive written approval of each loan request from the Loan Administrator. Given that all loan applicants are actively employed and use up to 50% of their vested account balance at the time the loan is made as security for the loan, the Loan Administrator deems all participants who seek loans as creditworthy, except for those who have loans already in default.

Establishing Interest Rate

The Loan Administrator determines the interest rate(s) for all loans and directs Principal Life to use the following interest rate for all loans requested through the retirement service center until otherwise indicated in writing to Principal Life:

1. The initial interest rate and the rate used until a change is submitted in writing by the Loan Administrator is \_\_\_\_\_%  
Or *Please circle*
2. A base rate equal to the Prime Rate (as published in the Wall Street Journal) (+/-) +2 %

The following illustrates the process of this loan service:

**The Participant:**

- logs on to The Principal Retirement Service Center® and selects the terms of the loan
- verifies his/her home address, and reviews the Loan Application & Agreement and Truth-in-Lending Disclosure Statement
- directs Principal Life to process the loan by re-entering his/her PIN number. This eSignature serves as acceptance of the loan terms and authorization to process the loan. No written signature will be obtained.



**Principal Life:**

- processes the loan and sets up the loan records
- issues a check and mails it to the participant
- mails a paper copy of the loan document to the participant separately
- produces a paper copy of the loan documents and sends it to the address provided below for the Trustee to retain until the loan is paid off
- uses the secure Employer Message Center (www.principal.com) to notify the Primary Security Administrator of the terms of the loan to establish payroll deduction of the loan payments



**Address to Send Loan Documents**

It is the trustee's responsibility to retain loan documents until the loan is paid off. Loan documents should be sent to the person and address indicated below.

Name Delaware Charter Guarantee & Trust Company, a Delaware  
corporation conducting business under the trade name of  
Principal Trust Company  
Wilmington, DE  
\_\_\_\_\_  
\_\_\_\_\_

Those signing below (hereinafter "we", "us", or "our") have reviewed and approve this loan processing method. We agree this loan processing method complies with plan loan provisions. We release Principal Life from any and all liability that may arise from the performance of this authorization or processing of loans. This includes, but is not limited to, holding Principal Life harmless if:

- our state law prohibits this arrangement
- someone other than the participant takes a loan from the participant's account without the participant's knowledge or consent
- the loan payout results in a loss of investment earnings
- the participant is later determined not to be creditworthy
- the terms of the loan are unreasonable (i.e., the payment exceeds the participant's take home pay)
- the address confirmed by the participant is inaccurate and prevents/delays receipt of the check
- the person requesting a loan is not a party-in-interest, but Principal Life is not aware of this at the time the loan is requested

In the event a participant disputes this procedure, we agree to indemnify Principal Life with respect to any costs or liability of any nature, including but not limited to, attorney fees.

We may terminate this authorization at any time by notifying Principal Life in writing. Any termination of this authorization will not be effective until such notification is received at the home office of Principal Life. The release of Principal Life herein shall survive any liability due to this loan processing method.

Principal Life has the right to terminate this service upon providing written notice to us.

**X** \_\_\_\_\_  
Trustee or Plan Sponsor Signature Title Date

**X** \_\_\_\_\_  
Loan Administrator Signature (if different from above) Title Date

The Principal Step Ahead Retirement Option<sup>SM</sup> (Principal Step Ahead) is a program designed to allow your plan participants to automatically increase their elective deferral contributions by a chosen percentage (or dollar amount) each year on the date specified below. By automatically increasing the percentage (or dollar amount), plan participants are able to save more in the retirement plan without the hassle of remembering to make the change.

Your participants will receive an initial confirmation letter and an annual notice reminding them of their decision to automatically increase their elective deferral contribution. Changes to the Principal Step Ahead information can be made by contacting the Principal Financial Group® at 1-800-547-7754 or by visiting our website [www.principal.com](http://www.principal.com).

**Plan Sponsor Information**

Name of Organization

Community Development Commission of the County of Los Angeles

Contract/Plan ID Number

Annual Principal Step Ahead Effective Date

611758

1/1/2006

**Plan Sponsor Signature**

Date

**X**

/ /

Insurance products and plan administrative services are provided by Principal Life Insurance Company. If applicable, Access Funds are mutual funds offered through Princor Financial Services Corporation, 1-800-547-7754, member SIPC. Princor and Principal Life are members of the Principal Financial Group, Des Moines, IA 50392.